



HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2015
OF THE CONDITION AND AFFAIRS OF THE
Harvard Pilgrim Health Care, Inc.

NAIC Group Code	0595 (Current)	0595 (Prior)	NAIC Company Code	96911	Employer's ID Number	04-2452600
Organized under the Laws of	Massachusetts		State of Domicile or Port of Entry		Massachusetts	
Country of Domicile	United States of America					
Licensed as business type:	Health Maintenance Organization					
Is HMO Federally Qualified?	Yes [X] No []					
Incorporated/Organized	02/11/1969		Commenced Business		02/11/1969	
Statutory Home Office	93 Worcester Street (Street and Number)		Wellesley, MA, US 02481-9181 (City or Town, State, Country and Zip Code)			
Main Administrative Office	93 Worcester Street (Street and Number)		781-263-6000 (Area Code) (Telephone Number)			
	Wellesley, MA, US 02481-9181 (City or Town, State, Country and Zip Code)					
Mail Address	93 Worcester Street (Street and Number or P.O. Box)		Wellesley, MA, US 02481-9181 (City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	93 Worcester Street (Street and Number)		617-509-5697 (Area Code) (Telephone Number)			
	Wellesley, MA, US 02481-9181 (City or Town, State, Country and Zip Code)					
Internet Website Address	www.hphc.org					
Statutory Statement Contact	Kevin O'Connor (Name)		617-509-5697 (Area Code) (Telephone Number)			
	Kevin.O'Connor@hphc.org (E-mail Address)		617-509-1778 (FAX Number)			

OFFICERS

President and Chief Executive Officer	Eric Hinman Schultz	Clerk/Secretary and Chief Legal Officer	Tisa Kramer Hughes
Chief Financial Officer and Treasurer	Charles Robert Goheen		

OTHER

DIRECTORS OR TRUSTEES

Earl Wayne Baucom	Shelby Michael Chodos	Susan Vercillo Duprey
Scott Sears Hartz	Myechia Minter-Jordan, M.D.	Joyce Anne Murphy, Vice Chair
Joseph Francis O'Donnell, M.D.	Eric Hinman Schultz	Michael Joseph Shea
Mary Ann Tocio, Chair	Hedwig Veith Whitney	Raymond Pawlicki #

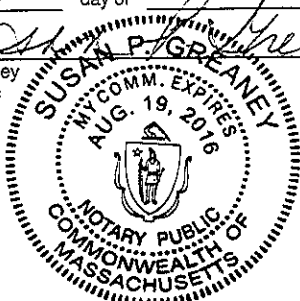
State of Massachusetts SS: SS
County of Norfolk

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

 Eric Hinman Schultz President and Chief Executive Officer	 Charles Robert Goheen Chief Financial Officer and Treasurer	 Tisa Kramer Hughes Clerk/Secretary and Chief Legal Officer
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Subscribed and sworn to before me this 25th day of February, 2016

Susan Greaney
Notary Public
08/19/2016



- a. Is this an original filing? Yes [X] No []
b. If no,
1. State the amendment number.....
2. Date filed.....
3. Number of pages attached.....

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	375,765,187		375,765,187	452,111,426
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	0
2.2 Common stocks	218,643,617	484,625	218,158,992	213,619,363
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$0 encumbrances)	24,144,868		24,144,868	24,535,753
4.2 Properties held for the production of income (less \$0 encumbrances)	3,593,838		3,593,838	3,716,868
4.3 Properties held for sale (less \$0 encumbrances)			0	0
5. Cash (\$66,903,364 , Schedule E - Part 1), cash equivalents (\$, Schedule E - Part 2) and short-term investments (\$6,748,800 , Schedule DA)	73,652,164		73,652,164	60,313,143
6. Contract loans, (including \$ premium notes)			0	0
7. Derivatives (Schedule DB)			0	0
8. Other invested assets (Schedule BA)	18,192,926		18,192,926	5,719,904
9. Receivables for securities	0		0	0
10. Securities lending reinvested collateral assets (Schedule DL)	0		0	0
11. Aggregate write-ins for invested assets	111,906,379	26,879,177	85,027,202	74,792,839
12. Subtotals, cash and invested assets (Lines 1 to 11)	825,898,980	27,363,802	798,535,178	834,809,296
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	2,065,326		2,065,326	2,772,955
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	17,623,664	1,174,300	16,449,364	13,772,287
15.2 Deferred premiums and agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	0
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)	1,470,900		1,470,900	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	12,453,455		12,453,455	7,369,802
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans	62,145,589	100,217	62,045,372	29,065,997
18.1 Current federal and foreign income tax recoverable and interest thereon	0		0	0
18.2 Net deferred tax asset	0	0	0	0
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software	113,692,850	111,664,967	2,027,883	5,891,785
21. Furniture and equipment, including health care delivery assets (\$)	5,268,830	5,268,830	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	1,316,784	0	1,316,784	3,085,836
24. Health care (\$19,003,595) and other amounts receivable	39,118,773	8,290,829	30,827,944	21,663,012
25. Aggregate write-ins for other than invested assets	10,560,073	7,195,819	3,364,254	3,142,796
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,091,615,223	161,058,764	930,556,459	921,573,766
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	1,091,615,223	161,058,764	930,556,459	921,573,766
DETAILS OF WRITE-INS				
1101. Investment in HPHC Institute	26,879,177	26,879,177	0	0
1102. Investment in HPHC CT	15,374,215		15,374,215	13,982,268
1103. Investment in HPHC New England	68,009,423		68,009,423	59,139,864
1198. Summary of remaining write-ins for Line 11 from overflow page	1,643,564	0	1,643,564	1,670,707
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	111,906,379	26,879,177	85,027,202	74,792,839
2501. Prepaid Expenses and Other Assets	10,560,073	7,195,819	3,364,254	3,142,796
2502.			0	
2503.			0	
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	10,560,073	7,195,819	3,364,254	3,142,796

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1	2	3	4
	Covered	Uncovered	Total	Total
1. Claims unpaid (less \$0 reinsurance ceded)	118,113,126		118,113,126	93,357,038
2. Accrued medical incentive pool and bonus amounts	32,752,989		32,752,989	35,789,574
3. Unpaid claims adjustment expenses	1,457,390		1,457,390	1,164,919
4. Aggregate health policy reserves, including the liability of \$0 for medical loss ratio rebate per the Public Health Service Act	13,048,512		13,048,512	9,039,709
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	51,909,760		51,909,760	40,709,981
9. General expenses due or accrued	85,968,399		85,968,399	92,882,090
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))	0		0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable	391,524		391,524	0
12. Amounts withheld or retained for the account of others	203,161		203,161	187,304
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$30,000,000 current) and interest thereon \$11,367 (including \$11,367 current)	30,011,367		30,011,367	0
15. Amounts due to parent, subsidiaries and affiliates	30,824,923		30,824,923	3,504,443
16. Derivatives			0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$0 unauthorized reinsurers and \$0 certified reinsurers)			0	0
20. Reinsurance in unauthorized and certified (\$) companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	75,173,310		75,173,310	61,740,104
23. Aggregate write-ins for other liabilities (including \$ current)	32,583,888	0	32,583,888	34,545,571
24. Total liabilities (Lines 1 to 23)	472,438,350	0	472,438,350	372,920,733
25. Aggregate write-ins for special surplus funds	XXX	XXX	12,121,493	15,143,519
26. Common capital stock	XXX	XXX		
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX		
29. Surplus notes	XXX	XXX	19,746,326	29,051,920
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	426,250,290	504,457,594
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	XXX	XXX		
32.2 shares preferred (value included in Line 27 \$)	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	458,118,109	548,653,033
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	930,556,459	921,573,766
DETAILS OF WRITE-INS				
2301. Professional Liability Reserve—Medical Malpractice	0		0	453,000
2302. Deferred Rent	219,634		219,634	631,926
2303. Security Deposits	0		0	142,354
2398. Summary of remaining write-ins for Line 23 from overflow page	32,364,254	0	32,364,254	33,318,291
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	32,583,888	0	32,583,888	34,545,571
2501. ACA Industry Fee – Data Year	XXX	XXX	12,121,493	15,143,519
2502.	XXX	XXX		0
2503.	XXX	XXX		0
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	XXX	XXX	12,121,493	15,143,519
3001.	XXX	XXX		0
3002.	XXX	XXX		0
3003.	XXX	XXX		0
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	3,637,679	3,599,641
2. Net premium income (including \$ non-health premium income)	XXX	1,685,483,394	1,652,958,433
3. Change in unearned premium reserves and reserve for rate credits	XXX	(1,413,700)	(7,811,652)
4. Fee-for-service (net of \$ medical expenses)	XXX	0	
5. Risk revenue	XXX	0	
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	1,684,069,694	1,645,146,781
Hospital and Medical:			
9. Hospital/medical benefits		1,180,677,684	1,081,033,378
10. Other professional services		42,768,708	43,022,001
11. Outside referrals		7,141,811	28,839,932
12. Emergency room and out-of-area		21,327,893	19,921,576
13. Prescription drugs		241,644,997	214,904,939
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts		28,766,622	35,424,993
16. Subtotal (Lines 9 to 15)	0	1,522,327,716	1,423,146,819
Less:			
17. Net reinsurance recoveries		14,770,593	8,376,475
18. Total hospital and medical (Lines 16 minus 17)	0	1,507,557,123	1,414,770,344
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$19,442,575 cost containment expenses		40,534,682	45,986,156
21. General administrative expenses		188,106,887	190,481,193
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)		1,124,204	1,228,057
23. Total underwriting deductions (Lines 18 through 22).....	0	1,737,322,897	1,652,465,750
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(53,253,203)	(7,318,969)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		12,036,421	13,526,464
26. Net realized capital gains (losses) less capital gains tax of \$		15,399,078	14,620,896
27. Net investment gains (losses) (Lines 25 plus 26)	0	27,435,499	28,147,360
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			
29. Aggregate write-ins for other income or expenses	0	(9,391,870)	(6,545,411)
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(35,209,573)	14,282,980
31. Federal and foreign income taxes incurred	XXX		
32. Net income (loss) (Lines 30 minus 31)	XXX	(35,209,573)	14,282,980
DETAILS OF WRITE-INS			
0601.	XXX		0
0602.	XXX		0
0603.	XXX		0
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above)	XXX	0	0
0701.	XXX		0
0702.	XXX		0
0703.	XXX		0
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above)	XXX	0	0
1401.			0
1402.			0
1403.			0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above)	0	0	0
2901. Miscellaneous & Other Income/(Expense)		(9,391,870)	(6,545,411)
2902.			0
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)	0	(9,391,870)	(6,545,411)

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year.....	548,653,033	496,611,551
34. Net income or (loss) from Line 32	(35,209,573)	14,282,980
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$	(39,340,261)	(19,839,313)
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	(8,684,177)	(6,665,507)
40. Change in unauthorized and certified reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	(9,305,594)	(9,714,896)
43. Cumulative effect of changes in accounting principles.....		0
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in	0	0
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		0
47. Aggregate write-ins for gains or (losses) in surplus	2,004,681	73,978,218
48. Net change in capital and surplus (Lines 34 to 47)	(90,534,924)	52,041,482
49. Capital and surplus end of reporting period (Line 33 plus 48)	458,118,109	548,653,033
DETAILS OF WRITE-INS		
4701. Increase in Surplus for HPHC of New England net worth (see Note #10)		74,777,082
4702. Change in net prior service costs and recognized loss for postretirement medical plan	2,004,681	(798,864)
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	2,004,681	73,978,218

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	1,695,598,721	1,670,689,155
2. Net investment income	14,963,167	16,211,591
3. Miscellaneous income	986,837	317,759
4. Total (Lines 1 through 3)	1,711,548,726	1,687,218,505
5. Benefit and loss related payments	1,503,603,937	1,437,141,877
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	222,835,254	181,944,798
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	1,726,439,191	1,619,086,675
11. Net cash from operations (Line 4 minus Line 10)	(14,890,465)	68,131,830
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	90,562,990	159,343,351
12.2 Stocks	31,550,586	45,495,129
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	122,113,576	204,838,480
13. Cost of investments acquired (long-term only):		
13.1 Bonds	16,534,558	82,988,465
13.2 Stocks	78,313,539	50,490,943
13.3 Mortgage loans	0	0
13.4 Real estate	757,394	1,244,374
13.5 Other invested assets	12,477,629	5,651,577
13.6 Miscellaneous applications	2,972,857	18,935,037
13.7 Total investments acquired (Lines 13.1 to 13.6)	111,055,977	159,310,396
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	11,057,599	45,528,084
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	(9,305,594)	(9,714,896)
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	30,011,367	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	(3,533,886)	(36,215,411)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	17,171,887	(45,930,307)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	13,339,021	67,729,607
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	60,313,143	(7,416,464)
19.2 End of year (Line 18 plus Line 19.1)	73,652,164	60,313,143

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001. Bonds transferred as capital contribution to the HPHC Insurance Co., Inc.	23,105,408	
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ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Harvard Pilgrim Health Care, Inc.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	1,685,483,394	1,680,002,603					5,480,791			
2. Change in unearned premium reserves and reserve for rate credit	(1,413,700)	(1,413,700)								
3. Fee-for-service (net of \$ medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	1,684,069,694	1,678,588,903	0	0	0	0	5,480,791	0	0	0
8. Hospital/medical benefits	1,180,677,684	1,176,549,603					4,128,081		0	XXX
9. Other professional services	42,768,708	42,691,494					77,214			XXX
10. Outside referrals	7,141,811	7,123,192					18,619			XXX
11. Emergency room and out-of-area	21,327,893	21,272,290					55,603			XXX
12. Prescription drugs	241,644,997	240,817,814					827,183			XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	28,766,622	28,600,098					166,524			XXX
15. Subtotal (Lines 8 to 14)	1,522,327,716	1,517,054,492	0	0	0	0	5,273,224	0	0	XXX
16. Net reinsurance recoveries	14,770,593	14,770,593								XXX
17. Total medical and hospital (Lines 15 minus 16)	1,507,557,123	1,502,283,899	0	0	0	0	5,273,224	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$19,442,575 cost containment expenses	40,534,682	40,156,726					377,956			
20. General administrative expenses	188,106,887	168,396,615					3,982,967		15,727,305	
21. Increase in reserves for accident and health contracts	1,124,204						1,124,204			XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	1,737,322,897	1,710,837,240	0	0	0	0	10,758,351	0	15,727,305	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	(53,253,203)	(32,248,337)	0	0	0	0	(5,277,560)	0	(15,727,305)	0
DETAILS OF WRITE-INS										XXX
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)	1,681,223,517		1,220,914	1,680,002,603
2. Medicare Supplement				0
3. Dental only				0
4. Vision only				0
5. Federal Employees Health Benefits Plan	0			0
6. Title XVIII - Medicare	5,481,114		323	5,480,791
7. Title XIX - Medicaid	0			0
8. Other health				0
9. Health subtotal (Lines 1 through 8)	1,686,704,631	0	1,221,237	1,685,483,394
10. Life	0			0
11. Property/casualty	0			0
12. Totals (Lines 9 to 11)	1,686,704,631	0	1,221,237	1,685,483,394

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	1,480,363,467	1,475,733,963					4,629,504			
1.2 Reinsurance assumed	.0									
1.3 Reinsurance ceded	9,686,941	9,686,941								
1.4 Net	1,470,676,527	1,466,047,023	.0	.0	.0	.0	4,629,504	.0	.0	.0
2. Paid medical incentive pools and bonuses	31,803,207	31,995,688					(192,481)			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	118,113,126	117,325,652	.0	.0	.0	.0	787,474	.0	.0	.0
3.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.3 Reinsurance ceded	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.4 Net	118,113,126	117,325,652	.0	.0	.0	.0	787,474	.0	.0	.0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	.0									
4.2 Reinsurance assumed	.0									
4.3 Reinsurance ceded	.0									
4.4 Net	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. Accrued medical incentive pools and bonuses, current year	32,752,989	32,216,937					536,052			
6. Net healthcare receivables (a)	11,558,460	11,469,988					88,472			
7. Amounts recoverable from reinsurers December 31, current year	12,453,455	12,453,455								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	93,357,038	93,135,235	.0	.0	.0	.0	221,803	.0	.0	.0
8.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.3 Reinsurance ceded	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.4 Net	93,357,038	93,135,235	.0	.0	.0	.0	221,803	.0	.0	.0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	.0									
9.2 Reinsurance assumed	.0									
9.3 Reinsurance ceded	.0									
9.4 Net	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
10. Accrued medical incentive pools and bonuses, prior year	35,789,574	35,612,526					177,048			
11. Amounts recoverable from reinsurers December 31, prior year	7,369,802	7,369,802								
12. Incurred Benefits:										
12.1 Direct	1,493,561,095	1,488,454,392	.0	.0	.0	.0	5,106,703	.0	.0	.0
12.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12.3 Reinsurance ceded	14,770,594	14,770,594	.0	.0	.0	.0	.0	.0	.0	.0
12.4 Net	1,478,790,501	1,473,683,798	.0	.0	.0	.0	5,106,703	.0	.0	.0
13. Incurred medical incentive pools and bonuses	28,766,622	28,600,099	.0	.0	.0	.0	166,523	.0	.0	.0

(a) Excludes \$ loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	34,902,506	34,902,506								
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	34,902,506	34,902,506	0	0	0	0	0	0	0	0
2. Incurred but Unreported:										
2.1 Direct	80,703,271	79,915,797					787,474			
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	0									
2.4 Net	80,703,271	79,915,797	0	0	0	0	787,474	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct	2,507,349	2,507,349								
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	2,507,349	2,507,349	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1 Direct	118,113,126	117,325,652	0	0	0	0	787,474	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	118,113,126	117,325,652	0	0	0	0	787,474	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year	Claims Incurred In Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	87,099,133	1,373,864,236	2,296,410	115,029,242	89,395,543	93,135,235
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare	188,071	4,441,433	120	787,354	188,191	221,803
7. Title XIX - Medicaid					0	0
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	87,287,204	1,378,305,669	2,296,530	115,816,596	89,583,734	93,357,038
10. Healthcare receivables (a)	594,583	18,494,012			594,583	7,530,135
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts	17,363,766	14,439,441	8,201,451	24,551,538	25,565,217	35,789,574
13. Totals (Lines 9 - 10 + 11 + 12)	104,056,387	1,374,251,098	10,497,981	140,368,134	114,554,368	121,616,477

(a) Excludes \$ loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Comprehensive (Hospital & Medical)

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior	116,445	116,181	115,840	115,840	115,850
2.	2011	1,662,203	1,778,668	1,779,641	1,779,191	1,779,191
3.	2012	XXX	1,533,412	1,670,565	1,673,075	1,672,794
4.	2013	XXX	XXX	1,456,186	1,553,307	1,552,576
5.	2014	XXX	XXX	XXX	1,329,851	1,435,156
6.	2015	XXX	XXX	XXX	XXX	1,388,666

Section B - Incurred Health Claims - Comprehensive (Hospital & Medical)

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior	120,425	116,724	115,849	115,840	115,850
2.	2011	1,802,593	1,783,665	1,779,984	1,779,438	1,779,191
3.	2012	XXX	1,703,594	1,679,280	1,673,264	1,672,794
4.	2013	XXX	XXX	1,593,898	1,559,476	1,552,576
5.	2014	XXX	XXX	XXX	1,451,994	1,445,647
6.	2015	XXX	XXX	XXX	XXX	1,527,718

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Comprehensive (Hospital & Medical)

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2011	2,046,049	1,779,191	38,593	2.2	1,817,784	88.8			1,817,784	88.8
2. 2012	1,919,778	1,672,794	51,722	3.1	1,724,516	89.8			1,724,516	89.8
3. 2013	1,785,957	1,552,576	48,723	3.1	1,601,299	89.7			1,601,299	89.7
4. 2014	1,644,912	1,435,156	44,796	3.1	1,479,952	90.0	10,491	101	1,490,544	90.6
5. 2015	1,678,589	1,388,666	34,443	2.5	1,423,109	84.8	139,052	1,344	1,563,505	93.1

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Title XVIII

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior	35,615	35,838	35,838	35,789	36,141
2.	2011	0	4	4	4	(10)
3.	2012	XXX				
4.	2013	XXX	XXX			(19)
5.	2014	XXX	XXX	XXX	888	1,279
6.	2015	XXX	XXX	XXX	XXX	4,079

Section B - Incurred Health Claims - Title XVIII

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior	35,666	35,838	35,838	35,789	36,141
2.	2011	0	4	4	4	(10)
3.	2012	XXX				
4.	2013	XXX	XXX			(19)
5.	2014	XXX	XXX	XXX	1,287	1,286
6.	2015	XXX	XXX	XXX	XXX	5,395

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XVIII

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2011	380	(10)	446	(4,460.0)	436	114.7			436	114.7
2. 2012	3,239			0.0	0	0.0			0	0.0
3. 2013	0	(19)	72	(378.9)	53	0.0			53	0.0
4. 2014	235	1,279	726	56.8	2,005	853.2	7		2,012	856.2
5. 2015	5,481	4,079	320	7.8	4,399	80.3	1,316	12	5,727	104.5

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior	152,060	152,019	151,678	151,629	151,991
2.	2011	1,662,203	1,778,672	1,779,645	1,779,195	1,779,181
3.	2012	XXX	1,533,412	1,670,565	1,673,075	1,672,794
4.	2013	XXX	XXX	1,456,186	1,553,307	1,552,557
5.	2014	XXX	XXX	XXX	1,330,739	1,436,435
6.	2015	XXX	XXX	XXX	XXX	1,392,745

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior	156,091	152,562	151,687	151,629	151,991
2.	2011	1,802,593	1,783,669	1,779,988	1,779,442	1,779,181
3.	2012	XXX	1,703,594	1,679,280	1,673,264	1,672,794
4.	2013	XXX	XXX	1,593,898	1,559,476	1,552,557
5.	2014	XXX	XXX	XXX	1,453,281	1,446,933
6.	2015	XXX	XXX	XXX	XXX	1,533,113

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2011	2,046,429	1,779,181	39,039	2.2	1,818,220	88.8	0	0	1,818,220	88.8
2. 2012	1,923,017	1,672,794	51,722	3.1	1,724,516	89.7	0	0	1,724,516	89.7
3. 2013	1,785,957	1,552,557	48,795	3.1	1,601,352	89.7	0	0	1,601,352	89.7
4. 2014	1,645,147	1,436,435	45,522	3.2	1,481,957	90.1	10,498	101	1,492,556	90.7
5. 2015	1,684,070	1,392,745	34,763	2.5	1,427,508	84.8	140,368	1,356	1,569,232	93.2

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves	0								
2. Additional policy reserves (a)	2,352,261						2,352,261		
3. Reserve for future contingent benefits	0								
4. Reserve for rate credits or experience rating refunds (including \$) for investment income	10,696,251	10,696,251							
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0
6. Totals (gross)	13,048,512	10,696,251	0	0	0	0	2,352,261	0	0
7. Reinsurance ceded	0								
8. Totals (Net)(Page 3, Line 4)	13,048,512	10,696,251	0	0	0	0	2,352,261	0	0
9. Present value of amounts not yet due on claims	0								
10. Reserve for future contingent benefits	0								
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12. Totals (gross)	0	0	0	0	0	0	0	0	0
13. Reinsurance ceded	0								
14. Totals (Net)(Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$2,352,261 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

	Claim Adjustment Expenses		3	4	5
	1	2			
	Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$ for occupancy of own building)	800,773	687,286	2,771,169		4,259,228
2. Salary, wages and other benefits	14,772,153	12,678,610	51,120,781		78,571,544
3. Commissions (less \$ ceded plus \$ assumed)	0	0	44,294,117		44,294,117
4. Legal fees and expenses	95,931	82,336	331,982		510,249
5. Certifications and accreditation fees	30,647	26,304	106,058		163,009
6. Auditing, actuarial and other consulting services	3,038,017	2,607,463	10,513,418		16,158,898
7. Traveling expenses	355,612	305,214	1,230,638		1,891,464
8. Marketing and advertising	0	0	4,302,476		4,302,476
9. Postage, express and telephone	708,484	608,076	2,451,791		3,768,350
10. Printing and office supplies	186,139	159,759	644,157		990,056
11. Occupancy, depreciation and amortization	617,688	530,148	2,137,582		3,285,417
12. Equipment	131,642	112,985	455,562		700,189
13. Cost or depreciation of EDP equipment and software	4,397,987	3,774,694	15,219,755		23,392,436
14. Outsourced services including EDP, claims, and other services	15,084,714	12,946,874	52,202,435		80,234,022
15. Boards, bureaus and association fees					0
16. Insurance, except on real estate	20,732	17,793	71,744		110,269
17. Collection and bank service charges					0
18. Group service and administration fees					0
19. Reimbursements by uninsured plans	(22,108,012)	(14,569,836)	(37,749,073)		(74,426,920)
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes	82,808	71,072	286,566		440,446
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					0
23.2 State premium taxes	0	0	3,111,750		3,111,750
23.3 Regulatory authority licenses and fees	0	0	30,356,899		30,356,899
23.4 Payroll taxes	770,454	661,263	2,666,246		4,097,963
23.5 Other (excluding federal income and real estate taxes)					0
24. Investment expenses not included elsewhere				1,301,929	1,301,929
25. Aggregate write-ins for expenses	456,806	392,067	1,580,833	0	2,429,706
26. Total expenses incurred (Lines 1 to 25)	19,442,575	21,092,107	188,106,887	1,301,929	(a) .....229,943,499
27. Less expenses unpaid December 31, current year ..	0	1,457,390	85,968,399		87,425,789
28. Add expenses unpaid December 31, prior year		1,164,919	92,882,090		94,047,009
29. Amounts receivable relating to uninsured plans, prior year			29,328,851		29,328,851
30. Amounts receivable relating to uninsured plans, current year	0	0	62,145,589		62,145,589
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	19,442,575	20,799,636	227,837,317	1,301,929	269,381,457
DETAILS OF WRITE-INS					
2501.					0
2502. Miscellaneous Expenses	456,806	392,067	1,580,833		2,429,706
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	456,806	392,067	1,580,833	0	2,429,706

(a) Includes management fees of \$ to affiliates and \$ to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. government bonds	(a) .....344,581	.....337,263
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) .....13,002,628	.....12,301,969
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated) .....	.....3,172,132	.....3,172,132
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5	Contract Loans		
6	Cash, cash equivalents and short-term investments	(e) .....1,228	.....1,429
7	Derivative instruments	(f)	
8.	Other invested assets .....	.....717,340	.....717,340
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income .....	.....17,237,909	.....16,530,133
11.	Investment expenses		(g) .....1,301,929
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g) .....0
13.	Interest expense		(h) .....3,191,783
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....4,493,712
17.	Net investment income (Line 10 minus Line 16)		.....12,036,421
DETAILS OF WRITE-INS			
0901.	.....	
0902.	.....	
0903.	.....	
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	.....0	.....0
1501.	.....	
1502.	.....	
1503.	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		.....0

- (a) Includes \$202,268 accrual of discount less \$2,421,385 amortization of premium and less \$33,281 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$. investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	.....0	.....0	.....0	.....0	.....0
1.1	Bonds exempt from U.S. tax .....			.....0		
1.2	Other bonds (unaffiliated) .....	.....(83,487)	.....0	.....(83,487)	.....(15,202)	.....0
1.3	Bonds of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.1	Preferred stocks (unaffiliated) .....	.....0	.....0	.....0	.....0	.....0
2.11	Preferred stocks of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.2	Common stocks (unaffiliated) .....	.....15,474,631	.....0	.....15,474,631	.....(19,197,686)	.....0
2.21	Common stocks of affiliates .....	.....0	.....0	.....0	.....(38,476,508)	.....0
3.	Mortgage loans .....	.....0	.....0	.....0	.....0	.....0
4.	Real estate .....		.....0	.....0		.....0
5.	Contract loans .....			.....0		
6.	Cash, cash equivalents and short-term investments .....			.....0		
7.	Derivative instruments .....			.....0		
8.	Other invested assets .....		.....0	.....0	.....(12,540)	.....0
9.	Aggregate write-ins for capital gains (losses) .....	.....0	.....7,933	.....7,933	.....18,361,675	.....0
10.	Total capital gains (losses)	.....15,391,145	.....7,933	.....15,399,078	.....(39,340,261)	.....0
DETAILS OF WRITE-INS						
0901.	Investment in HPHC Institute .....			.....0	.....1,100,169	
0902.	Investment in HPHC New England .....			.....0	.....18,869,559	
0903.	Investment in HPHC CT .....			.....0	.....(1,608,053)	
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....7,933	.....7,933	.....0	.....0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	.....0	.....7,933	.....7,933	.....18,361,675	.....0

EXHIBIT OF NON-ADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks	484,625	460,864	(23,761)
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale			0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Derivatives (Schedule DB)			0
8. Other invested assets (Schedule BA)			0
9. Receivables for securities			0
10. Securities lending reinvested collateral assets (Schedule DL)			0
11. Aggregate write-ins for invested assets	26,879,177	25,779,008	(1,100,169)
12. Subtotals, cash and invested assets (Lines 1 to 11)	27,363,802	26,239,872	(1,123,930)
13. Title plants (for Title insurers only)			0
14. Investment income due and accrued			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	1,174,300	1,251,197	76,897
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
15.3 Accrued retrospective premiums and contracts subject to redetermination			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			0
16.2 Funds held by or deposited with reinsured companies			0
16.3 Other amounts receivable under reinsurance contracts			0
17. Amounts receivable relating to uninsured plans	100,217	262,854	162,637
18.1 Current federal and foreign income tax recoverable and interest thereon			0
18.2 Net deferred tax asset	0		0
19. Guaranty funds receivable or on deposit			0
20. Electronic data processing equipment and software	111,664,967	106,761,880	(4,903,087)
21. Furniture and equipment, including health care delivery assets	5,268,830	5,021,624	(247,206)
22. Net adjustment in assets and liabilities due to foreign exchange rates			0
23. Receivable from parent, subsidiaries and affiliates	0		0
24. Health care and other amounts receivable	8,290,829	6,884,140	(1,406,689)
25. Aggregate write-ins for other than invested assets	7,195,819	5,953,020	(1,242,799)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	161,058,764	152,374,587	(8,684,177)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. Total (Lines 26 and 27)	161,058,764	152,374,587	(8,684,177)
DETAILS OF WRITE-INS			
1101. HPHC Institute	26,879,177	25,779,008	(1,100,169)
1102.		0	0
1103.		0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	26,879,177	25,779,008	(1,100,169)
2501. Prepaid Expenses and Other Assets	7,195,819	5,953,020	(1,242,799)
2502.		0	0
2503.		0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	7,195,819	5,953,020	(1,242,799)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations	263,558	268,917	270,520	269,006	261,576	3,169,226
2. Provider Service Organizations		0	0	0		
3. Preferred Provider Organizations	33,140	32,155	32,468	33,121	41,835	456,699
4. Point of Service	1,331	979	987	977	984	11,754
5. Indemnity Only						
6. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
7. Total	298,029	302,051	303,975	303,104	304,395	3,637,679
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of Harvard Pilgrim Health Care, Inc. ("Harvard Pilgrim" or "the Company") have been prepared in accordance with the National Association of Insurance Commissioners ("NAIC") Accounting Practices and Procedures Manual for statutory accounting principles ("NAIC SAP") which do not differ from the accounting practices prescribed or permitted by the Division of Insurance of the Commonwealth of Massachusetts.

Harvard Pilgrim's net income and capital and surplus, based on NAIC SAP and practices prescribed and permitted by the Commonwealth of Massachusetts is shown below (amounts are in thousands):

	State of Domicile	December 31, 2015	December 31, 2014
Net Income (Loss)			
(1) Company state basis (Page 4, Line 32, Columns 2&4)	MA	\$ (35,210)	\$ 14,283
(2) State Prescribed Practices that increase (decrease) NAIC SAP:	MA		
(3) State Permitted Practices that increase (decrease) NAIC SAP:	MA		
(4) NAIC SAP (1-2-3=4)	MA	\$ (35,210)	\$ 14,283
Surplus			
(5) Company state basis (Page 3, Line 33, Columns 3&4)	MA	\$ 458,118	\$ 548,653
(6) State Prescribed Practices that increase (decrease) NAIC SAP:	MA		
(7) State Permitted Practices that increase (decrease) NAIC SAP:	MA		
(8) NAIC SAP (5-6-7=8)	MA	\$ 458,118	\$ 548,653

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in accordance with NAIC SAP requires that management make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. The methods and assumptions used for making such estimates are reviewed regularly. Actual results could differ from those estimates. The claims unpaid liability, accrued medical incentive pool, Medical Loss Ratio rebate accrual ("MLR") and accruals for risk sharing provisions under the Federal Affordable Care Act ("ACA") represent the Company's most significant estimates.

C. Accounting Policies

Cash and Short-Term Investments

Cash and short-term investments include amounts on deposit with banks and mutual fund investments with original maturities of less than one year as well as government and corporate debt issues with original maturities of three months or less. Short-term investments are carried at amortized cost, which approximates estimated market value.

Bonds and Preferred Stock

Investments in bonds and preferred stock are stated at amortized cost or the lower of amortized cost or fair value based on their NAIC designation. Investments in bonds are primarily comprised of government and corporate debt issues and asset-backed/mortgage-backed securities. Realized gains and losses are determined using the specific identification method and are included in investment income. Investment income is reported net of expenses related to the management and custody of investments.

Loan-backed Securities

Loan-backed securities are reported at cost upon acquisition, and amortization of premium or discount is calculated using the scientific method and recorded as an adjustment to investment income. These securities are stated at either amortized cost or the lower of amortized cost or fair value. The retrospective adjustment method is used to value all securities.

Common Stock

Common stock includes the investment in equity securities which are stated at fair value and the investment in unconsolidated subsidiaries which is recorded using the equity method. For the insurance subsidiary, HPHC Insurance Company Inc. ("the Insurance Company"), the investment is carried at the statutory net worth of the subsidiary. For the non-insurance subsidiaries, the investment is carried at the Generally Accepted Accounting Principles ("GAAP") equity of the investee plus the applicable remaining goodwill balance. All changes to the carrying value of the subsidiaries are recorded as a component of unrealized gains and losses. Unrealized gains and losses are recorded directly to statutory net worth.

Investments in Non-Profit Affiliates

Harvard Pilgrim has investments in affiliated non-profit entities, including insurance affiliates Harvard Pilgrim Health Care of New England, Inc. ("New England") and Harvard Pilgrim Health Care of Connecticut, Inc. ("HPHC CT"), as well as Harvard Pilgrim Health Care Institute, LLC (the "Institute"). The carrying value of the Institute is treated as a non-admitted asset and the carrying values which equal the statutory net worth of New England and HPHC CT are treated as admitted assets reported as aggregate write-ins for invested assets in the financial statements in accordance with Statement of Statutory Accounting Principles SSAP No. 97, Investment in Subsidiary, Controlled and Affiliated Entities ("SSAP No. 97"), a replacement of SSAP No. 88. All changes to the carrying value of the subsidiaries are recorded as a component of unrealized gains and losses. Unrealized gains and losses are recorded directly to statutory net worth.

Real Estate, Furniture and Equipment

Real estate (including improvements), furniture and equipment are carried at depreciated cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	20–40 years
Equipment, furniture, and fixtures	3–20 years
Computer software and operating systems	3–5 years

Amortization of leasehold improvements is calculated using the shorter of the asset's estimated useful life or related lease term. Mortgage obligations (the "Mortgage") of \$29.0 million are included in aggregate write-ins for other liabilities.

Harvard Pilgrim has not made material modifications to its capitalization policy from the prior period.

Other Invested Assets

Harvard Pilgrim invests in certain joint ventures and limited partnerships and reports the investments in accordance with Statement of Statutory Accounting Principles No. 48, *Joint Ventures, Partnerships and Limited Liability Companies*. These investments are included in Other Invested Assets on the balance sheet. All changes to the carrying value of these investments are recorded as a component of unrealized gains and losses which are recorded directly to statutory net worth.

Pharmaceutical Rebate Receivables

Harvard Pilgrim contracts with pharmaceutical manufacturers, some of whom provide rebates based on use of the manufacturers' products by Harvard Pilgrim members. Harvard Pilgrim accrues rebates receivable on a monthly basis, which are included as a component of premium and health care receivables or uninsured plan receivables, based on the terms of the applicable contracts, historical data and current estimates. Harvard Pilgrim bills these rebates to the manufacturers on a quarterly basis. Harvard Pilgrim records rebates attributable to fully insured members as a reduction in medical costs.

Goodwill

Goodwill represents the amount by which the cost of acquiring an entity exceeds the book value of the acquired entity. Goodwill is amortized over the period in which Harvard Pilgrim benefits economically, not to exceed ten years and is charged directly to statutory net worth. Positive goodwill resulting from a business combination is included in the carrying value of the investment in the acquired entity in the statutory statement of admitted assets, liabilities and statutory net worth.

Premium Deficiency Reserve

Harvard Pilgrim evaluates its health care contracts to determine if it is probable that a loss will be incurred. A premium deficiency loss is recognized when it is probable that expected future paid claims, administrative expenses, and reserves will exceed existing reserves plus anticipated future premiums on existing contracts. Anticipated investment income is considered in the calculation of premium deficiency losses.

Claims Unpaid, Accrued Medical Incentive Pool and Unpaid Claims Adjustment Expenses

Harvard Pilgrim records claims unpaid, for both reported and incurred but not reported claims, which are expected to be paid after year-end for services provided to members in the current year based on Harvard Pilgrim's claim experience. This liability includes the estimated cost of services that will continue to be rendered after December 31 for which Harvard Pilgrim is obligated to pay for such services in accordance with contract provisions or regulatory requirements. The amount of the estimated liability is actuarially determined based on historical claims data, current membership statistics, cost and utilization trends, and other related information and considers expected losses, if any, on existing contracts. This liability is an estimate which is subject to the impact of changes in claim severity and frequency, as well as numerous other factors. Accordingly, this estimate is continuously reviewed and, as adjustments become necessary, they are reflected in current operations.

Harvard Pilgrim records accrued medical incentive pool liabilities based on contractual arrangements with various health care providers. Compensation arrangements vary by provider. Hospital and medical expenses include claims payments, capitation payments, and various other costs incurred to provide and manage medical care to members, as well as estimates of future payments to hospitals and others for medical care provided to members through December 31. Certain providers are paid on a fee for service basis and can be eligible for bonuses based on meeting prescribed quality performance measures. Harvard Pilgrim pays capitation under contractual agreements to a number of physicians and provider groups based on the number of enrolled Harvard Pilgrim members served by each physician or provider group. Certain providers have entered into risk-sharing arrangements with Harvard Pilgrim, whereby a settlement is calculated by comparing actual medical claims experience to a budgeted amount based upon contractual arrangements. These settlements are estimated and accrued during the period the related services were rendered and adjusted in future periods, as

final settlements are determined. Estimated settlements for these risk-sharing arrangements are reflected in the accrued medical incentive pool liability.

Harvard Pilgrim records a related unpaid claim adjustment expense liability to reflect the cost to adjudicate the claims unpaid at the balance sheet date. The unpaid claim adjustment expense liability is estimated as a percentage of the claims unpaid based on historical information on the administrative cost to adjudicate a claim.

Medical Loss Ratio Rebates

Harvard Pilgrim records its liability for MLR rebates in aggregate health policy reserves based on the requirements of the ACA in accordance with SSAP No. 66, "*Retrospectively Rated Contracts*," ("SSAP No. 66"). SSAP No. 66 requires Harvard Pilgrim to accrue for the estimated amount of premiums to be returned retrospectively to an employer group or member as an adjustment to premium revenue. Harvard Pilgrim estimates the amount of the retrospective rebate based on the difference between the estimated medical loss ratio of each employer group segment as defined by the ACA, as of December 31st of each year, and the minimum MLR requirements for those employer group segments either under ACA requirements or individual state requirements, if the state has a higher MLR requirement than the ACA. The state of Massachusetts has set an MLR threshold of 88% for 2015 for the merged market segments as defined by Massachusetts state law. See Note 24.

Non-admitted Assets

Certain assets, principally prepaid expenses, furniture, leasehold improvement, investment in unconsolidated subsidiary, past due premium and healthcare receivables, uninsured plan receivables, past due receivables from subsidiaries and affiliates, risk corridor receivable and electronic data processing equipment in excess of the admissibility criteria are non-admitted and, as such, are not included in statutory surplus.

Revenue Recognition

Premiums are recorded as revenue in the month for which members are entitled to service. Premium revenue collected prior to the month for which the member is entitled to service is recorded as premium received in advance. Harvard Pilgrim's government contracts establish monthly rates per member. There may be additional amounts due to Harvard Pilgrim based on items such as age, working status, or specific health issues of the member. The Center for Medicare & Medicaid Services ("CMS") has implemented a risk adjustment formula, which apportions premiums paid to all Medicare Advantage health plans according to the health status of each beneficiary enrolled.

In 2012, Harvard Pilgrim received a final reconciliation amount of \$4.9 million from CMS for the Medicare Advantage Plan which was terminated in 2010. In March 2014, Harvard Pilgrim identified an error in the risk adjustment submission to CMS related to this final reconciliation. This resulted in a correction to the final reconciliation amount and Harvard Pilgrim issued a refund of \$1.2 million to CMS. The refund amount was recorded as a reduction to written premium.

Assessments

In accordance with SSAP No. 35R, *Revised, Guaranty Fund and Other Assessments*, insurance-related assessments are recognized as liabilities when certain conditions are met. The assessments are recorded as administrative expenses, except for certain health related assessments which are recorded as a component of medical and hospital expenses.

Risk Sharing Provisions of the Affordable Care Act

Reinsurance

The ACA established a temporary three-year reinsurance program, whereby all issuers of major medical commercial insurance products and self-insured plan sponsors are required to contribute funding in amounts set by the U.S. Department of Health and Human Services ("HHS"). Funds collected will be utilized to reimburse issuers' high cost claims costs incurred for qualified individual members. The expense related to this required funding is reflected in general administrative expense for all of Harvard Pilgrim's insurance products with the exception of products associated with qualified individual members. The expense for qualified individual members is reflected as a reduction of premium revenue. When annual claim costs incurred by Harvard Pilgrim's qualified individual members exceed a specified attachment point, the Company is entitled to certain reimbursements from this program. Harvard Pilgrim records amounts recoverable from reinsurers as ceded claim benefit recoveries to reflect its estimate of these recoveries.

Risk Adjustment

The ACA established a permanent risk adjustment program to transfer funds from qualified individual and small group insurance plans with below average risk scores to those respective plans with above average risk scores. Based on the risk of Harvard Pilgrim's qualified plan members relative to the average risk of members of other qualified plans in comparable markets, the Company estimates its risk adjustment receivable or payable and reflects the impact as an adjustment to premium revenue.

Risk Corridor

The ACA established a temporary three-year risk-sharing program for qualified individual and small group insurance plans. Under this program, HPHC, Inc. could make or receive payments to or from HHS based on the ratio of allowable costs to target costs as defined by the ACA. Harvard Pilgrim records a risk corridor receivable or payable as an adjustment to premium revenue. If collections for a particular year are insufficient to meet the full obligation for that year, then HHS will reduce payments for that year on a pro rata basis to the extent of any shortfall. Additionally, any collections made in subsequent years would first be applied to the unpaid balances of preceding years in accordance with NAIC Interpretation 15-01: *ACA Risk Corridors Collectability*. Harvard Pilgrim considered the most recent and reliable information in its estimate of the collectability of the ACA Risk Corridor program.

Other

Accounting policies are not applicable for mortgage loans and derivatives.

2. Accounting Changes and Corrections of Errors

There were no accounting changes or corrections of errors for the years ended December 31, 2015 and 2014.

3. Business Combinations and Goodwill

Goodwill amortization from prior business combinations was \$0.2 million and \$1.3 million for the years ended December 31, 2015 and 2014, respectively.

4. Discontinued Operations

Harvard Pilgrim had no discontinued operations for the years ended December 31, 2015 and 2014.

5. Investments**A. Mortgage Loans - None****B. Debt Restructuring - None****C. Reverse Mortgages - None****D. Loan-Backed Securities**

- (1) Prepayment assumptions for single class and multiclass mortgage-backed / asset-backed securities were obtained from third party providers.
- (2) The Company has the ability and intent to retain all loan-backed and structured securities for the period of time sufficient to recover the amortized cost basis. The Company did not recognize any other-than-temporary impairments on loan-backed securities during 2015 and 2014.
- (3) The Company did not hold any securities with a recognized other-than-temporary impairment on December 31, 2015 and 2014.
- (4) For all impaired securities (fair value is less than cost or amortized cost) for which other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains), the aggregate amount of unrealized losses and related fair value as of December 31, 2015 are as follows: (amounts in thousands)
 - a. The aggregate amount of unrealized losses:

1. Less than 12 Months	\$ (1,539)
2. 12 Months or Longer	\$ (452)
 - b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months	\$ 120,449
2. 12 Months or Longer	\$ 17,217

E. Repurchase Agreements and/or Securities Lending Transactions - None**F. Real Estate**

- (1) The Company did not recognize any real estate impairment losses.
- (2) The Company did not sell or classify any real estate investments as held for sale.
- (3) The Company had no plan of sale for an investment in real estate.
- (4) The Company does not engage in retail land sales operations.
- (5) The Company holds real estate investments with mortgage loans in the amount of \$29 million as of December 31, 2015.

G. Investments in Low-income Housing Tax Credits (LIHTC) - None

H. Restricted Assets (amounts in thousands):

Restricted Asset Category		1	2	3	4	5	6
		Total Gross Restricted from Current Year	Total Gross Restricted from Prior Year	Increase / (Decrease) (1 minus 2)	Total Current Year Admitted Restricted	Percentage Gross Restricted to Total Assets	Percentage Admitted Restricted to Total Admitted Assets
a.	Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -	-	-
b.	Collateral held under security lending agreements	-	-	-	-	-	-
c.	Subject to repurchase agreements	-	-	-	-	-	-
d.	Subject to reverse repurchase agreements	-	-	-	-	-	-
e.	Subject to dollar repurchase agreements	-	-	-	-	-	-
f.	Subject to dollar reverse repurchase agreements	-	-	-	-	-	-
g.	Placed under option contracts	-	-	-	-	-	-
h.	Letter stock or securities restricted as to sale - excluding FHLB capital stock.	-	-	-	-	-	-
i.	FHLB capital stock	1,860	-	1,860	1,860	0.17%	0.20%
j.	On deposit with states	3,699	3,483	216	3,699	0.34%	0.40%
k.	On deposit with other regulatory bodies	-	-	-	-	0%	0%
l.	Pledged collateral to FHLB (including assets backing funding agreements)	34,941	-	34,941	34,941	3.20%	3.75%
m.	Pledged as collateral not captured in other categories	-	-	-	-	0%	0%
n.	Other restricted assets	1,209	1,454	(245)	1,209	0.11%	0.13%
o.	Total Restricted Assets	\$ 41,709	\$ 4,937	\$ 36,772	\$ 41,709	3.82%	4.48%

I. Working Capital Finance Investments - None

J. Offsetting and Netting of Assets and Liabilities - None

K. Structured Notes – None

6. Joint Ventures, Partnerships and Limited Liability Companies

- A.** Harvard Pilgrim did not have any investments in joint ventures, partnerships or limited liability companies that exceeded 10% of its admitted assets at December 31, 2015 and 2014.
- B.** Harvard Pilgrim did not recognize any impairment write down for its investments in joint ventures, partnerships or limited liability companies for the years ended December 31, 2015 and 2014.

7. Investment Income

- A.** All investment income due and accrued with amounts that are over 90 days past due are non-admitted and excluded from surplus.
- B.** Harvard Pilgrim did not have non-admitted investment income due and accrued for the years ended December 31, 2015 and 2014.

8. Derivative Instruments

Harvard Pilgrim did not hold any derivative instruments at December 31, 2015 and 2014.

9. Income Taxes

Harvard Pilgrim is tax exempt under section 501(C)(3) of the Internal Revenue code.

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

Harvard Pilgrim conducts transactions with a number of affiliates. Below is a description of transactions with affiliates:

HPHC Holdings, Inc. ("Holdings") is a for-profit noninsurance wholly owned subsidiary of Harvard Pilgrim. In January 2014, Harvard Pilgrim made a capital contribution of \$9 million to Holdings. Holdings used this capital to acquire all of the outstanding membership interests of MedWatch LLC ("MedWatch"), a care management company. During 2015, Harvard Pilgrim contributed \$1.8 million in additional capital to Holdings as part of the original Medwatch transaction. The investment in Holdings is reported as affiliated common stock on the Harvard Pilgrim balance sheet. HPHC Holdings owed \$0 million and \$0.5 million to Harvard Pilgrim as of December 31, 2015 and 2014, respectively. Intercompany balances are settled quarterly, following the close of the quarter.

In 2014, Harvard Pilgrim made capital contributions totaling \$16 million to a newly formed insurance affiliate, HPHC CT. HPHC CT received its initial certificate of insurance from the State of Connecticut in April 2014 and began writing health insurance policies effective July 1, 2014. In December 2015 Harvard Pilgrim made a \$3.0 million capital contribution. Harvard Pilgrim provides all administrative and operational management services to HPHC CT. Administrative expenses are allocated to HPHC CT based on Harvard Pilgrim's departmental cost allocation methodology. Total gross administrative expenses and claim adjustment expenses allocated to HPHC CT was \$1.7 million and \$2.0 million for the periods ended December 2015 and 2014, respectively. As of December 31, 2015 and 2014, HPHC CT owed Harvard Pilgrim \$0.2 million and \$0.1 million, respectively. Intercompany balances are settled quarterly, following the close of the quarter.

Harvard Pilgrim provides all administrative and operational management services to New England. Administrative expenses are allocated to New England based on Harvard Pilgrim's departmental cost allocation methodology. For the years ended December 31, 2015 and 2014, total gross administrative expenses and claim adjustment expenses allocated to New England were \$41.2 million and \$36.3 million, respectively. Harvard Pilgrim owed \$11.5 million and \$0.6 million to New England as of December 31, 2015 and 2014, respectively. Intercompany balances are settled quarterly, following the close of the quarter.

In November 2014, the Harvard Pilgrim and New England Board of Directors voted to amend the bylaws of New England to incorporate provisions consistent with the HPHC bylaws and Massachusetts nonprofit requirements, including removing provisions that prohibited HPHC from benefitting from the assets or income of New England. In November 2014, HPHC recognized a surplus adjustment for \$74.8 million to recognize the net assets of HPHC New England as the result of the bylaw change. In addition, due to the bylaw amendment, Harvard Pilgrim began to carry an investment in New England as an aggregate write-in for invested assets on its balance sheet. In December 2014, New England made a \$12.0 million extraordinary dividend to Harvard Pilgrim after receiving approval from the Massachusetts Division of Insurance as a result of the bylaw amendment. In September 2015, New England made a \$10 million return of capital payment to Harvard Pilgrim, upon receiving approval from the Massachusetts Division of Insurance.

Harvard Pilgrim also provides all administrative and operational management services to the Insurance Company. Administrative expenses are allocated to the Insurance Company based on Harvard Pilgrim's departmental cost allocation methodology. For the years ended December 31, 2015 and 2014, total gross administrative expenses and claim adjustment expenses allocated to the Insurance Company were \$95.2 million and \$107.4 million, respectively. Harvard Pilgrim owed the Insurance Company \$19.0 million and \$2.3 million as of December 31, 2015 and 2014, respectively. Intercompany balances are settled quarterly, following the close of the quarter. During 2015 and 2014, Harvard Pilgrim contributed capital of \$40 million and \$22 million, respectively, to the Insurance Company.

Harvard Pilgrim provides certain administrative and operational management services to Health Plans, Inc. ("HPI"). Administrative expenses are allocated to HPI based on Harvard Pilgrim's departmental cost allocation methodology. For the years ended December 31, 2015 and 2014, total gross administrative expenses allocated to HPI were \$2.1 million and \$2.5 million, respectively. In addition, HPI reimburses Harvard Pilgrim for expenses paid on its behalf. As of December 31, 2015 and 2014, HPI owed Harvard Pilgrim \$0.8 million for the operating and administrative expenses incurred. Intercompany balances are settled quarterly, following the close of the quarter.

Harvard Pilgrim makes contributions to the Harvard Pilgrim Health Care Foundation, Inc. ("the Foundation") to support its ongoing operations. For the years ended December 31, 2015 and 2014, total contributions made to the Foundation were \$6.2 million and \$4.2 million, respectively. In addition the Foundation reimburses HPHC for expenses paid on its behalf. Harvard Pilgrim had \$0.3 million and \$1.6 million gross receivables from the Foundation as of December 31, 2015 and 2014, respectively. Intercompany balances are settled quarterly, following the close of the quarter.

Harvard Pilgrim makes contributions to the Institute to support its ongoing operations. For the years ended December 31, 2015 and 2014, total contributions made to the Institute were \$5.6 million and \$5.7 million, respectively. Harvard Pilgrim owed the Institute \$0.4 million and \$0.5 million as of December 31, 2015 and 2014, respectively. Intercompany balances are settled quarterly, following the close of the quarter.

11. Debt

A. None.

B. Federal Home Loan Bank ("FHLB") Agreements

(1) In April 2015, Harvard Pilgrim became a member of the FHLB of Boston with an initial membership stock investment of \$0.7 million. Through its membership, Harvard Pilgrim has the ability to conduct business activity (borrowings) with the FHLB. It is part of the Company's strategy to use these funds for back up liquidity. The Company has determined the maximum borrowing capacity as \$30.0 million and has based this amount on anticipated borrowing and cash flow needs. As of December 31, 2015, Harvard Pilgrim had a single outstanding loan of \$30.0 million.

(2) FHLB Capital Stock (amounts in thousands)

a. Aggregate Totals

	Total
1. Current Year.....	
(a) Membership Stock - Class A.....	\$..... 0
(b) Membership Stock - Class B.....	660
(c) Activity Stock.....	1,200
(d) Excess Stock.....	0
(e) Aggregate Total (a+b+c+d).....	1,860
(f) Actual or estimated Borrowing Capacity as Determined by the Insurer.....	\$..... 30,000

	Total
2. Prior Year - End.....	
(a) Membership Stock - Class A.....	\$..... 0
(b) Membership Stock - Class B.....	0
(c) Activity Stock.....	0
(d) Excess Stock.....	0
(e) Aggregate Total (a+b+c+d).....	0
(f) Actual or estimated Borrowing Capacity as Determined by the Insurer.....	\$..... 0

b. Membership Stock (Class A and B) Eligible and Not Eligible for Redemption

	1 Current Year Total (2+3+4+5+6)	2 Not Eligible for Redemption	Eligible for Redemption			
Membership Stock			3 Less Than 6 Months	4 Less Than 1 Year	5 1 to Less Than 3 Years	6 3 to 5 Years
1. Class A.....	\$..... 0	0	0	0	0	0
2. Class B.....	\$..... 660	660	0	0	0	0

(3) Collateral Pledged to FHLB (amounts in thousands)

a. Amount Pledged as of Reporting Date

	1 Fair Value	2 Carrying Value	3 Aggregate Total Borrowing
1. Current Year Total Collateral Pledged.....	\$..... 34,515	\$..... 34,941	\$..... 30,000
2. Prior Year-End Total Collateral Pledged.....	\$..... 0	\$..... 0	\$..... 0

b. Maximum Amount Pledged During Reporting Period

	1 Fair Value	2 Carrying Value	3 Amount Borrowed at Time of Maximum Collateral
1. Current Year Total Maximum Collateral Pledged.....	\$..... 34,515	\$..... 34,941	\$..... 30,000
2. Prior Year-End Total Maximum Collateral Pledged.....	\$..... 0	\$..... 0	\$..... 0

(4) Borrowed from FHLB (amounts in thousands)

a. Amount Pledged as of Reporting Date

	Total	Funding Agreements Reserves Established
1. Current Year		
(a) Debt.....	\$..... 30,000	.....XXX.....
(b) Funding Agreements.....	..... 0	..... 0
(c) Other.....	..... 0	.....XXX.....
(d) Aggregate Total (a+b+c).....	\$..... 30,000	\$..... 0
2. Prior Year-end		
(a) Debt.....	\$..... 0	.....XXX.....
(b) Funding Agreements.....	..... 0	..... 0
(c) Other.....	..... 0	.....XXX.....
(d) Aggregate Total (a+b+c).....	\$..... 0	\$..... 0

b. Maximum Amount during Reporting Period - Current Year

	Total
1. Debt.....	\$..... 30,000
2. Funding Agreements.....	..... 0
3. Other.....	..... 0
4. Aggregate Total (1+2+3).....	\$..... 30,000

c. FHLB Prepayment Obligations

	Does the company have prepayment obligations under the following arrangements (YES/NO)?
1. Debt.....	YES
2. Funding Agreements.....	NO
3. Other.....	NO

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A. Defined Benefit Plan

Harvard Pilgrim's postretirement medical plan allows employees who have attained age 60 and completed ten years of continuous service to remain in Harvard Pilgrim's group health care coverage upon retirement and until they qualify for Medicare coverage. In accordance with the provisions of the postretirement medical plan, retirees will pay 100% of the active monthly premium rate until they reach age 65. Once they reach age 65 and enroll in both Medicare A and B, Harvard Pilgrim will provide a maximum monthly contribution of \$150 to each retiree (and each spouse, if applicable), provided the employee is transitioning from an active Harvard Pilgrim employee medical plan. Additionally, Harvard Pilgrim covers up to 100% of the costs for select grandfathered retirees. The plan is not currently funded.

A summary of assets, obligations and assumptions of the post-retirement medical plan are as follows at December 31, 2015 and 2014 (amounts in thousands):

(1) Change in benefit obligation

a. Pension Benefits - None

b. Postretirement Benefits

		Overfunded		Underfunded	
		2015	2014	2015	2014
1.	Benefit obligations at beginning of year	-	-	\$15,219	\$13,424
2.	Service cost	-	-	488	460
3.	Interest cost	-	-	565	602
4.	Contribution by plan participants	-	-	627	544
5.	Actuarial gain (loss)	-	-	(1,595)	1,153
6.	Foreign currency exchange rate changes	-	-	-	-
7.	Benefits paid	-	-	(943)	(964)
8.	Plan amendments	-	-	-	-
9.	Business combinations, divestitures, curtailments, settlements and special termination benefits	-	-	-	-
10.	Benefit obligation at end of year	-	-	\$14,361	\$15,219

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c. Special or Contractual Benefits per SSAP No. 11 - None

(2) Change in plan assets

	Pension Benefits		Postretirement Benefits		Special or Contractual Benefits per SSAP No. 11	
	2015	2014	2015	2014	2015	2014
a. Fair value of plan assets at beginning of year	-	-	-	-	-	-
b. Actual return on plan assets	-	-	-	-	-	-
c. Foreign currency exchange rate changes	-	-	-	-	-	-
d. Reporting entity contribution	-	-	\$315	\$420	-	-
e. Plan participants' contributions	-	-	628	544	-	-
f. Benefits paid	-	-	\$(943)	\$(964)	-	-
g. Business combinations, divestitures and settlements	-	-	-	-	-	-
h. Fair value of plan assets at end of year	-	-	-	-	-	-

(3) Funded status

	Pension Benefits		Postretirement Benefits	
	2015	2014	2015	2014
Overfunded:	-	-	-	-
a. Assets (nonadmitted)	-	-	-	-
1. Prepaid benefit costs	-	-	-	-
2. Overfunded plan assets	-	-	-	-
3. Total assets (nonadmitted)	-	-	-	-
Underfunded:	-	-	-	-
b. Liabilities recognized	-	-	-	-
1. Accrued benefit costs	-	-	\$9,661	\$8,514
2. Liability for pension benefits	-	-	4,700	6,705
3. Total liabilities recognized	-	-	\$14,361	\$15,219
c. Unrecognized liabilities	-	-	-	-

(4) Components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits		Special or Contractual Benefits per SSAP No. 11	
	2015	2014	2015	2014	2015	2014
a. Service cost	-	-	\$488	\$460	-	-
b. Interest cost	-	-	565	602	-	-
c. Expected return on plan assets	-	-	-	-	-	-
d. Transition asset or obligation	-	-	-	-	-	-
e. Gains and losses	-	-	-	-	-	-
f. Prior service cost or credit	-	-	354	354	-	-
g. Gain or loss recognized due to a settlement or curtailment	-	-	-	-	-	-
h. Total net periodic benefit cost	-	-	\$1,407	\$1,416	-	-

(5) Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	2015	2014	2015	2014
a. Items not yet recognized as a component of net periodic cost – prior year	-	-	\$6,705	\$5,906
b. Net transition asset or obligation recognized	-	-	-	-
c. Net prior service cost or credit arising during the period	-	-	-	-
d. Net prior service cost or credit recognized	-	-	(354)	(354)
e. Net gain and loss arising during the period	-	-	(1,595)	1,153
f. Net gain and loss recognized	-	-	-	-
g. Items not yet recognized as a component of net periodic cost – current year	-	-	\$4,756	\$6,705

(6) Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost.

	Pension Benefits		Postretirement Benefits	
	2015	2014	2015	2014
a. Net transition asset or obligation	-	-	-	-
b. Net prior service cost or credit	-	-	(\$354)	(\$354)
c. Net recognized gains and losses	-	-	-	(\$56)

(7) Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost.

	Pension Benefits		Postretirement Benefits	
	2015	2014	2015	2014
a. Net transition asset or obligation	-	-	-	-
b. Net prior service cost or credit	-	-	(\$4,247)	(\$4,601)
c. Net recognized gains and losses	-	-	(\$453)	(\$2,104)

(8) Weighted-average assumptions used to determine net periodic benefit cost as of Dec. 31:

	2015	2014
a. Weighted-average discount rate	3.80%	4.60%
b. Expected long-term rate of return on plan assets	not applicable	not applicable
c. Rate of compensation increase	not applicable	not applicable

Weighted-average assumptions used to determine projected benefit obligations as of Dec. 31:

	2015	2014
d. Weighted-average discount rate	4.25%	3.80%
e. Rate of compensation increase	not applicable	not applicable

For measurement purpose, the actual observed 2015 per capita cost of covered health care benefits were used. The rate of increase for these costs was assumed to be 7.0% for 2016, and decrease gradually to 4.50% for 2038, and remain at that level thereafter.

(9) The amount of the accumulated benefit obligation for defined benefit pension plans – not applicable.

(10) Harvard Pilgrim has one Post-Retirement Medical Life Insurance Plan. The healthcare benefits are contributory with participants contributions adjusted annually and the life insurance benefits are non-contributory. The accounting for the health care plan is consistent with the Company's expressed intent to have Medicare eligible retirees pay any amount above the Company's contribution of \$150 per month. Additionally, there are certain grandfathered participants for whom the Company pays their entire benefit.

(11) Assumed health care cost trend rates have an effect on the amounts reported for the health care plan. A one-percentage-point change in assumed health care cost trend rates would have the following effects on the amounts reported for the health care plan (amounts in thousands):

	1 Percentage Point increase	1 Percentage Point decrease
a. Effect on total of service and interest cost components	\$21	(\$17)
b. Effect on postretirement benefit obligation	218	(193)

(12) The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated (amounts in thousands):

<u>Year</u>	<u>Amount</u>
a. 2016	\$ 744
b. 2017	762
c. 2018	777
d. 2019	806
e. 2020	835
Next five years	\$ 4,725

(13) The Company does not have any regulatory contribution requirements for 2015 however the Company's current projection for voluntary contributions to the defined benefit pension plan is \$744 thousand in 2016.

(14) The amounts and types of securities - Not applicable.

(15) Alternative method used to amortize prior service amounts or net gains and losses - Not applicable.

(16) Substantive commitment used as the basis for accounting for the benefit obligation - Not applicable.

(17) Special or contractual termination benefits recognized - Not applicable.

(18) Significant change in the benefit obligation or plan assets - Not applicable.

(19) Plan assets returned to the Company - Not applicable.

B. Investment policies and strategies of plan assets - not applicable.

C. Fair value of each class of plan assets - not applicable.

D. Basis used to determine the overall expected long-term rate-of-return-on-assets assumption - not applicable.

E. Defined Contribution Plan

Harvard Pilgrim employees participate in a defined contribution plan covering all employees. Participants can make salary deferral contributions up to 50% of their pay subject to the legally permitted maximum and, after one year of service, Harvard Pilgrim makes matching contributions equal to 100% of the first 4% of salary deferrals, subject to the legally permitted maximum. Harvard Pilgrim also makes an annual contribution of 4% of pay to each participant's account regardless of whether the employee makes salary deferral contributions or not. Harvard Pilgrim's contributions amounted to approximately \$7 million for both the years ended December 31, 2015 and 2014.

Deferred Compensation Plan

Harvard Pilgrim established a non-qualified deferred compensation plan (the "Plan"), effective July 1, 2005, which allows certain highly compensated employees the option to defer specified amounts of their annual compensation on a pre-tax basis and also allows Harvard Pilgrim, at its discretion, the option to provide deferred compensation to key employees. A participant in the Plan is notified if a voluntary contribution is made by Harvard Pilgrim to that participant's account. In addition, the participant's account is credited to reflect investment returns based on measuring investments selected by either the participant or the Plan administrator in accordance with the Plan document. The participant will receive a benefit payment from their account upon severance from employment with Harvard Pilgrim. Harvard Pilgrim has recorded a liability of \$3.4 million and \$3.1 million for the years 2015 and 2014, respectively, which represents its obligation for benefits payable under the Plan. However, all amounts of compensation deferred under the Plan remain the assets of Harvard Pilgrim until paid out to a participant or his or her beneficiary. Harvard Pilgrim is not required to segregate or set aside any assets to meet its obligation under the Plan.

F. Multiemployer Plans – Not applicable

G. Consolidated/Holding Company Plans – Not applicable

H. Postretirement Benefits and Compensated Absences – Not applicable

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) - Not applicable

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- (1) Harvard Pilgrim is a not-for-profit 501(c)(3) corporation with no stockholders or capital stock.
- (2) Harvard Pilgrim has no preferred stock.
- (3) Harvard Pilgrim has not declared dividends.
- (4) Harvard Pilgrim has not paid dividends.
- (5) Extraordinary dividends are limited by the General Laws of Massachusetts, Chapter 176G, Section 28(q) which prohibits extraordinary dividend distribution until the Massachusetts Commissioner of Insurance ("Commissioner") approves the payment or the Commissioner has not disapproved the payment within 30 days of receiving notice of the declaration.
- (6) There are no restrictions placed on unassigned funds.
- (7) Harvard Pilgrim does not have mutual reciprocals.
- (8) Harvard Pilgrim does not hold any stocks for special purpose such as conversion of preferred stock, employee stock options and stock purchase warrants.
- (9) Changes in balances of special surplus funds from the prior year are due to the estimated ACA Industry Fee for the subsequent year.
- (10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses were as follows as of December 31, 2015 (amounts in thousands):

Unrealized gains	\$37,694
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(11) Harvard Pilgrim previously issued the following surplus notes (amounts in thousands):

Date Issued	Interest Rate	Par Value	Carrying Value of Note	Interest And/Or Principal Paid Current Year	Total Interest And/Or Principal Paid	Un-approved Interest And/Or Principal	Date of Maturity
07/15/1998	variable	\$195,795	\$19,746	\$12,707	\$276,581	-	07/01/2028
	4.75% - 5.25%						

The surplus note listed above is in connection with the Plan of Rehabilitation issued in fiscal year 2000, when Harvard Pilgrim was released from temporary receivership and placed under administrative supervision. Payments of principal and interest on the Massachusetts Health and Education Facilities Revenue Bonds issue 1998 Series A (the "Bonds") were made subject to the approval of the Commissioner of Insurance of the Commonwealth of Massachusetts (the "Commissioner"). As such, the outstanding amount of the Bonds, reduced by the \$29 million mortgage qualify to be treated as surplus notes under NAIC SAP and are included as a component of statutory capital and surplus.

Principal payments on the Series 1998 Bonds were \$9.8 million in both 2015 and 2014. Interest expense, recorded as a reduction to net investment income earned, amounted to \$3.2 million and \$3.2 million in 2015 and 2014, respectively. Related interest paid amounted to \$2.9 and \$3.4 million for 2015 and 2014, respectively. The payment of scheduled installments of principal and interest on the Series 1998 Bonds is fully insured. There was no unapproved interest and/or principal payments as of December 31, 2015.

Harvard Pilgrim and Assured Guaranty Corp. ("AGC"), the Bonds insurer, entered into an agreement which provides that the requirement that the Commissioner give prior approval to the payment of principal and interest on the Bonds (the "Condition") remain in effect for the life of the Bonds after Harvard Pilgrim was released from Administrative Supervision by the Commissioner. In consideration for AGC's agreement to the continuing application of the pre-approval Condition, Harvard Pilgrim agreed to increase the annual principal payment it makes with respect to the obligations to the greater of \$9.8 million or the original principal requirement as outlined in the Loan and Trust agreement. On June 15, 2006 Harvard Pilgrim was released from Administrative Supervision by the Commissioner. As a result, Harvard Pilgrim increased the principal due on July 1 each year ("Additional Principle Payment") to \$9.8 million in accordance with the agreement. Supplemental payments of additional principal up to a maximum of \$10 million per year and \$46 million in the aggregate would be required if certain profitability and financial conditions are met. Supplemental payments were not required to be made for 2014 or 2015.

At December 31, 2015 and 2014, the estimated fair value of the Bonds was approximately \$49.7 million and \$58.6 million, respectively. The fair value is estimated based on the quoted market prices for the same or similar issues.

Special deposits include a debt service fund, which was established with the bond trustee for the payment of principal and interest. The debt service fund amounted to \$1.2 million and \$1.5 million at December 31, 2015 and 2014, respectively. These funds are invested in U.S. government securities and are carried at amortized cost, which approximates estimated fair value.

The aggregate amount of maturities and sinking fund requirements of the Bonds, after consideration of the aforementioned amendment, as of December 31, 2015 is as follows (amounts in thousands):

2016	9,800
2017	9,800
2018	9,800
2019	9,800
2020	9,800
Thereafter	415
	<u>\$ 49,415</u>

Other conditions of the Bonds require Harvard Pilgrim to comply with certain covenants, the most restrictive of which is the requirement that Harvard Pilgrim maintain a GAAP debt service coverage ratio of 1:1. For the year ended December 31, 2015 the debt covenant was not met which would require the Company to hire a managed care consultant to review the Company's pricing policies. The Company is in process of obtaining a waiver from AGC. For the year ended December 31, 2014, all debt covenant requirements were satisfied.

(12) There were no quasi-reorganizations during 2015 and 2014.

(13) Effective date of quasi-reorganization for a period of ten years following the reorganization – not applicable.

(14) Minimum Net Worth

The Commonwealth of Massachusetts, under the Acts of 2003, Chapter 141, Sections 46 and 83 amended the General Laws of Massachusetts, Chapter 176G Health Maintenance Organizations by adding Section 25 Net Worth of Health Maintenance Organizations. Section 25 sets forth minimum adjusted net worth requirements for health maintenance organizations. In addition, HMO's must maintain a minimum deposit of at least \$1 million with a trustee acceptable to the Department of Insurance. The minimum net worth calculation is as follows:

Required:

The total of, (1) 8 percent of adjusted annual health care expenditures reported and, (2) 4 percent of adjusted annual hospital expenditures reported.

Calculation:

Adjusted annual health care expenditures \$1,047,273,041

At 8% = \$83,781,843

+Adjusted annual hospital expenditures \$242,459,075

At 4% = \$9,698,363

= Minimum Net Worth requirement \$93,480,206

Harvard Pilgrim meets the requirements of Chapter 176G, Section 25 at December 31, 2015.

14. Liabilities, Contingencies and Assessments

A. Contingent Commitments

Harvard Pilgrim and its insurance affiliates, New England, HPHC CT and the Insurance Company (each a "Corporation" and collectively the "Corporations"), participate in a Guaranty and Indemnity Agreement ("G&I Agreement"). Under the terms of the G&I Agreement, each corporation guarantees the payment and performance of the others. In addition, each Corporation is jointly and severally liable for all obligations that may arise out of this G&I Agreement. Harvard Pilgrim had no contingent liabilities related to the G&I Agreement as of December 31, 2015.

B. Assessments

The Company has not received any notification of insolvency that could have a material financial effect on the estimate of liability.

C. Gain Contingencies - None

D. Claims Related Extra Contractual Obligations and Bad Faith Losses Stemming from Lawsuits - None

E. Joint and Several Liabilities - None

F. All Other Contingencies

Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company. The Company has no assets that it considers to be impaired.

15. Leases

A. Lessee Operating Leases

(1) Harvard Pilgrim has entered into several long-term non-cancellable operating leases for buildings and equipment. The terms of the leases vary through the year 2022 with an option for a one time five year renewal. In 2014, Harvard Pilgrim entered into a new lease for its corporate headquarters in Wellesley Massachusetts that commenced in March 2015 and ends in March 2022. Additionally, Harvard Pilgrim entered into a new lease for the Institute at Landmark Center, Boston Massachusetts that commenced in December 2015 and ends in March 2023. Total rent expense on all leases was \$7.5 million and \$11.3 million in 2015 and 2014, respectively.

- (2) The following is a schedule, by year, of future minimum rental payments required under all operating leases for buildings and equipment that have initial or remaining non-cancellable lease terms of one year or more as of December 31, 2015 (amounts in thousands):

Year Ending		<u>December 31</u>		<u>Operating Leases</u>
2016	\$			6,429
2017				6,609
2018				6,495
2019				5,928
2020				6,020
Total	\$			31,482

- (3) The Company is not involved in any material sale-leaseback transactions.

B. Lessor Leases

- (1) Operating leases

Harvard Pilgrim leased certain properties in 2015. These leases ended during 2015. There are no contingent rentals included in income for the years ended December 31, 2015 and 2014.

- (2) Leveraged leases - None

16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

Harvard Pilgrim did not have any investments in financial instruments with off balance sheet risk or with significant concentrations of credit risk as of December 31, 2015 and 2014.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables Reported as Sales - None

B. Transfers and Servicing of Financial Assets - None

C. Wash Sales – None

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

A. ASO Plans

Harvard Pilgrim administers employee health benefits for certain employer groups as an Administrative Services Only (“ASO”) wherein it performs eligibility management, medical management, claims processing, and disbursement activities in return for administrative fees. The employer assumes utilization risk for these arrangements.

The loss from operations for ASO uninsured plans and the uninsured portion of partially insured plans during 2015 were as follows: (amounts in thousands)

		1	2	3
		ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
a.	Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	\$ (15,727)	-	\$ (15,727)
b.	Total net other income or expenses (including interest paid to or received from plans)	-	-	-
c.	Net gain or loss from operations	(15,727)	-	(15,727)
d.	Total claim payment volume	\$ 1,180,249	-	\$ 1,180,249

B. ASC Plans - None

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts - None

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators-

Harvard Pilgrim did not receive any premium from individual managing general agents or third party administrators for the years ended December 31, 2015 and 2014.

20. Fair Value Measurement

A. Harvard Pilgrim's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by Statement of Statutory Accounting Principles No. 100, "*Fair Value Measurements*."

(1) Fair Value Measurements at the reporting date (amounts in thousands):

Description	Level 1	Level 2	Level 3	Total
Bonds				
Industrial and Misc	\$ -	\$ 1,204	\$ -	\$ 1,204
Total Bonds	-	1,204	-	1,204
Common Stock				
Industrial and Misc	1,860	-	-	1,860
Mutual Funds	135,432			135,432
Total Common Stocks	137,292	-	-	137,292
Total Assets at Fair Value	\$ 137,292	\$ 1,204	\$ -	\$ 138,496

(a) There were no transfers between level 1 and level 2 during 2015.

(2) Fair value measurements in Level 3 of the fair value hierarchy: None

(3) The policy on the timing of recognizing transfers in and out of Level 3: Transfers in and out of Level 3 securities are recognized at the end of the reporting period.

(4) For fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy, the valuation technique(s) and the inputs used in the fair value measurement: Fair value measurements of securities within the Level 2 and Level 3 hierarchy are determined using the NAIC Securities Valuation Office pricing source and if not available, market values are obtained from independent third party pricing vendors at December 31, 2015.

(5) The Company did not have any derivative assets or liabilities.

B. Other Fair Value Measurements – Not applicable

C. The aggregate fair value by hierarchical level as of December 31, 2015 (amounts in thousands):

Type of Financial Instrument	Aggregate fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (CV)
Bonds	\$ 378,434	\$ 375,765	\$ -	\$ 378,434	\$ -	\$ -
Common Stock	137,292	137,292	137,292	-	-	-
Short-term investments	6,749	6,749	6,749	-	-	-
Total	\$ 522,475	\$ 519,806	\$ 144,041	\$ 378,434	\$ -	\$ -

D. Not practicable to estimate fair value - not applicable.

21. Other Items

A. Extraordinary Items - None

B. Troubled Debt Restructuring - None

C. Other Disclosures and Unusual Items

Long-Term Service Contract with Dell Corporation ("Dell")

Harvard Pilgrim has a long-term agreement with Dell whereby Dell provides information technology operations, development and claims related processing services under the direction of Harvard Pilgrim staff. Services include operational services for technology and claims operations and business project services. The agreement calls for an annual minimum commitment of \$60 million, and is subject to adjustment for changes in service levels, cost management by Harvard Pilgrim and performance incentives for Dell. The agreement runs through 2021.

D. Business Interruption Insurance Recoveries - None

E. State Transferable and Non-transferable Tax Credits - None

F. Subprime Mortgage Related Risk Exposure

- (1) The Company's subprime exposure comes from its holdings in asset backed securities. On a quarterly basis, these holdings are reviewed with the Company's investment manager to determine the rationale for continuing to hold these securities and to determine if impairment has occurred. Some of the factors considered include asset quality, credit related issues, consistency of cash flow and expected recovery of principal.
- (2) Direct exposure through investments in subprime mortgages - None
- (3) Direct exposure through other investments (amounts in thousands):

	Actual Cost	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Other Than Temporary Impairment Losses Recognized
a. Residential mortgage-backed securities	\$ 153,933	\$ 151,708	\$ 152,210	\$ -
b. Commercial mortgage-backed securities	24,698	24,632	24,791	-
c. Collateralized debt obligations	-	-	-	-
d. Structured securities	26,895	26,892	26,830	-
e. Equity investment in SCAs*	-	-	-	-
f. Other assets	-	-	-	-
g. Total	\$ 205,526	\$ 203,232	\$ 203,831	\$ -

- (4) Underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage - None

G. Retained Assets - None

22. Events Subsequent

Type I – Recognized Subsequent Events-

Harvard Pilgrim has evaluated events and transactions subsequent to December 31, 2015, through February 29, 2016, the date the financial statements are available for issuance and has determined there were no material events or transactions which require adjustment to, or disclosure in, the financial statements, other than as described in the paragraphs below.

Type II – Non-recognized Subsequent Events-

Subsequent events have been considered subsequent to December 31, 2015 through February 29, 2016 for the statutory statement issued February 29, 2016. In February of 2016, Harvard Pilgrim contributed \$1.3 million in additional capital to Holdings as part of a deferred payment related to the original Medwatch transaction.

On January 1, 2016, Harvard Pilgrim will be subject to an annual fee under section 9010 of the ACA. This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2015, Harvard Pilgrim has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2016 and estimates its portion of the annual health insurance industry fee to be payable on September 30, 2016 to be \$12.1 million. This amount is reflected in special surplus and is expected to impact RBC by 2.6%.

- A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)?.

YES

		Current Year		Prior Year
B. ACA fee assessment payable for the upcoming year	\$	12,121,493	\$	15,143,519
C. ACA fee assessment paid	\$	15,590,422	\$	11,497,137
D. Premium written subject to ACA 9010 assessment	\$	1,686,704,631	\$	1,654,236,114
E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)	\$	458,118,109		
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus Line 22B above)	\$	445,996,616		
G. Authorized Control Level (Five-Year Historical Line 15)	\$	93,571,740		
H. Would reporting the ACA assessment as of Dec. 31, 2015 have triggered an RBC action level (Yes/No)?				NO

23. Reinsurance

Harvard Pilgrim carries reinsurance against excessive utilization on a per-member basis. Under the policy, Harvard Pilgrim is reimbursed 100% of certain hospital inpatient, outpatient and pharmacy claims in excess of the policy deductible, which is \$1,500,000, except for Maine members where the deductible is \$1,000,000. The maximum recoverable under the reinsurance agreement is \$5,000,000 per member per policy period. The impact of reinsurance recoveries on the financial statements is immaterial for 2015 and 2014.

A. Ceded Reinsurance Report

Section 1: General Interrogatories

- (1) Harvard Pilgrim does not own in excess of 10%, nor control directly or indirectly any of the reinsurers listed as non-affiliated on Schedule S.
- (2) None of Harvard Pilgrim's policies have been reinsured outside of the United States.

Section 2: Ceded Reinsurance Report – Part A

- (1) None of the reinsurance agreements can be unilaterally cancelled except for nonpayment of premiums.
- (2) Harvard Pilgrim does not have any reinsurance agreements in effect such that the amount of losses exceeds the total direct premiums collected as of December 31, 2015.

Section 3: Ceded Reinsurance Report – Part B

- (1) There have been no terminated reinsurance policies as of December 31, 2015.
- (2) There have been no new agreements that have been executed or existing agreements amended, that include policies or contracts that were in force or which had existing reserves established by Harvard Pilgrim as of the effective date of the agreement.

B. Uncollectible Reinsurance - Harvard Pilgrim has not written off any reinsurance balances in 2015.

C. Commutation of Ceded Reinsurance – None

D. Certified Reinsurer rating downgraded or status subject to revocation - None

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. The Company estimates accrued retrospective premium adjustments in accordance with SSAP 66. See note 1.

B. The Company records accrued retrospective premium as an adjustment to earned premium.

C. The amount of net premiums written by the Company at December 31, 2015 that are subject to retrospective rating features was \$1,685.5 million, which represented 100% of the total net premiums written. No other net premiums written by the Company are subject to retrospective rating features.

D. The Company does not have retrospectively rated contracts and contracts subject to redetermination other than those subject to ACA. The Company did not record any medical loss ratio rebate liabilities pursuant to the ACA or under Massachusetts General Laws Chapter 176J Section 6(d) for the Merged Market segment for the years ended December 31, 2015 and 2014.

E. Risk Sharing Provisions of the Affordable Care Act

- (1) Did the reporting entity write accident and health insurance premium which is subject to the ACA risk-sharing provisions (YES/NO)? YES

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Harvard Pilgrim Health Care, Inc.

(2) Impact of Risk-Sharing Provisions of the ACA on Admitted Assets, Liabilities and Revenue for the Current Year are below: (amounts in thousands)

a. Permanent ACA Risk Adjustment Program:		AMOUNT
Assets:		
1. Premium adjustments receivable due to ACA Risk Adjustment.....	\$	1,471
Liabilities:		
2. Risk adjustment user fees payable for ACA Risk Adjustment.....	\$	9
3. Premium adjustments payable due to ACA Risk Adjustment.....	\$	10,696
Operations (Revenue & Expense):		
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment (increase) decrease to revenue	\$	1,820
5. Reported in expenses as ACA risk adjustment user fees (incurred/paid).....	\$	9
b. Transitional ACA Reinsurance Program:		
Assets:		
1. Amounts recoverable for claims paid due to ACA Reinsurance.....	\$	12,453
2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability).....	\$	0
3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance.....	\$	0
Liabilities:		
4. Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium	\$	12,934
5. Ceded reinsurance premiums payable due to ACA Reinsurance.....	\$	392
6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance.....	\$	0
Operations (Revenue & Expense):		
7. Ceded reinsurance premiums due to ACA Reinsurance.....	\$	392
8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	\$	14,819
9. ACA Reinsurance contributions - not reported as ceded premium.....	\$	12,909
c. Temporary ACA Risk Corridors Program:		
Assets:		
1. Accrued retrospective premium due to ACA Risk Corridors.....	\$	0
Liabilities:		
2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors.....	\$	0
Operations (Revenue & Expense):		
3. Effect of ACA Risk Corridors on net premium income (paid/received).....	\$	0
4. Effect of ACA Risk Corridors on change in reserves for rate credits	\$	0

Harvard Pilgrim estimated it was entitled to \$17 million under the ACA Risk Corridor Program for the year ended December 31, 2015. The Company considered the most recent and reliable information in its estimate on the collectability of the ACA Risk Corridor program. Due to the lack of current appropriations for this program by the Federal Government, Harvard Pilgrim has not recognized this receivable as the timing of the payment is uncertain.

(3) Roll forward of prior year ACA risk-sharing provisions for the following asset (gross of any non-admission) and liability balances, along with the reasons for adjustments to prior year balance. (amounts in thousands)

	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments		Unsettled Balances as of the Reporting Date	
	1	2	3	4	5	6	7	8	9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable (Payable)
a. Permanent ACA Risk Adjustment Program:										
1. Premium adjustments receivable	\$ -	\$ -	\$ 480	\$ -	\$ (480)	\$ -	\$ 1,706	\$ -	A	\$ 1,226 \$ -
2. Premium adjustments (payable)	-	(7,812)	-	(886)	-	(6,926)	-	6,926	B	- -
3. Subtotal ACA Permanent Risk Adjustment Program	-	(7,812)	480	(886)	(480)	(6,926)	1,706	6,926		1,226 -
b. Transitional ACA Reinsurance Program:										
1. Amounts recoverable for claims paid	7,370	-	9,735	-	(2,365)	-	2,365	-	C	- -
2. Amounts recoverable for claims unpaid (contra liability)	-	-	-	-	-	-	-	-	D	- -
3. Amounts receivable relating to uninsured plans	-	-	-	-	-	-	-	-	E	- -
4. Liabilities for contributions payable due to ACA Reinsurance not reported as ceded premiums	-	18,705	-	18,705	-	-	-	-	F	- -
5. Ceded reinsurance premiums payable	-	435	-	435	-	-	-	-	G	- -
6. Liabilities for amounts held under uninsured plans	-	-	-	-	-	-	-	-	H	- -
7. Subtotal ACA Transitional Reinsurance Program	7,370	19,140	9,735	19,140	(2,365)	-	2,365	-		- -
c. Temporary ACA Risk Corridors Program:										
1. Accrued retrospective premium	-	-	-	-	-	-	-	-	I	- -
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	J	- -
3. Subtotal ACA Risk Corridors Program	-	-	-	-	-	-	-	-		- -
d. Total for ACA risk Sharing Provisions	\$ 7,370	\$ 11,328	\$ 10,215	\$ 18,254	\$ (2,845)	\$ (6,926)	\$ 4,071	\$ 6,926		\$ 1,226 \$ -

Explanations of Adjustments:

- A: The premium adjustments receivable under the permanent ACA Risk Adjustment program represents a change in previously estimated amounts to reflect the final settlement notification for the year-ended December 31, 2014.
- B: The premium adjustments payable under the permanent ACA Risk Adjustment program represents a change in previously estimated amounts to reflect the final settlement notification as well as the results of a request for reconsideration filed with the Commonwealth Health Insurance Connector Authority for the year ended December 31, 2014.
- C: The adjustment for amounts recoverable for claims paid reflects a revised amount based on actual loss experience as of March 31, 2015.

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves, net of healthcare receivables, as of December 31, 2014 were \$121.6 million. As of December 31, 2015, \$104.6 million has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior year's net of health care receivables are \$9.9 million. Therefore, there has been a \$7.1 million favorable prior-year development since December 31, 2014. The favorable development is generally a result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. Harvard Pilgrim does not have any retrospectively rated policies.

26. Intercompany Pooling Arrangements

Harvard Pilgrim does not have intercompany pooling arrangements.

27. Structured Settlements

Not applicable.

28. Health Care Receivables**A. Pharmaceutical rebate receivables (amounts in thousands):**

Quarter	Estimated Pharmacy Rebates as Reported on Financial	Pharmacy Rebates as Billed or Otherwise	Confirmed Actual Rebates Received within 90 days of Billing	Actual Rebates Received within 91 to 180 days of Billing	Actual Rebates Received More Than 180 days After Billing
12/31/2015	10,609				
09/30/2015	9,819	9,702	1,182		-
06/30/2015	10,439	9,963	9,245	540	-
03/31/2015	8,119	8,867	8,079	819	77
12/31/2014	8,212	7,474	7,860	71	126
09/30/2014	7,639	7,394	6,510	1,105	9
06/30/2014	6,838	7,169	6,040	1,271	1
03/31/2014	6,885	6,945	6,685	379	90
12/31/2013	7,592	6,833	6,941	327	65
09/30/2013	6,522	6,681	6,262	493	100
06/30/2013	6,177	6,491	5,405	1,021	75
03/31/2013	5,961	6,216	5,854	23	285

B. Risk sharing receivables - None**29. Participating Policies**

Harvard Pilgrim does not have any participating policies.

30. Premium Deficiency Reserves

- 1) Liability carried for premium deficiency reserves \$ 2,352,261
- 2) Date of the most recent evaluation of this liability 12/31/2015
- 3) Was anticipated investment income utilized in the calculation? Yes [X] No []

31. Anticipated Salvage and Subrogation

For the years ended December 31, 2015 and 2014 there was no anticipated salvage or subrogation in the determination of the liability for unpaid claims.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?
If yes, complete Schedule Y, Parts 1, 1A and 2

Yes [X] No []

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X] No [] N/A []

1.3

State Regulating?

Massachusetts

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]

2.2

If yes, date of change:

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2013

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2013

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

07/06/2015

3.4

By what department or departments?
Massachusetts Division of Insurance

3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes [] No [] N/A [X]

3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes [] No [] N/A [X]

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business?
4.12 renewals?

Yes [] No [X]
Yes [] No [X]

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business?
4.22 renewals?

Yes [] No [X]
Yes [] No [X]

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]

5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [] No [X]

6.2

If yes, give full information:

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]

7.2

If yes,
7.21 State the percentage of foreign control; %
7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Harvard Pilgrim Health Care, Inc.

GENERAL INTERROGATORIES

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Deloitte & Touche LLP, 200 Berkeley Street, Boston, MA 02116
- 10.1

Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes [] No [X]
- 10.2

If the response to 10.1 is yes, provide information related to this exemption:
- 10.3

Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation?

Yes [] No [X]
- 10.4

If the response to 10.3 is yes, provide information related to this exemption:
- 10.5

Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes [X] No [] N/A []
- 10.6

If the response to 10.5 is no or n/a, please explain
11.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Brian Lewis, Appointed Actuary, Harvard Pilgrim Health Care, Inc., 93 Worcester Street, Wellesley, MA 02481-9181
- 12.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [] No [X]
- 12.11

Name of real estate holding company
- 12.12

Number of parcels involved
- 12.13

Total book/adjusted carrying value

\$
- 12.2

If, yes provide explanation:
13.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No []
- 13.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No []
- 13.4

If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] N/A []
- 14.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes [X] No []
- (a)

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b)

Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c)

Compliance with applicable governmental laws, rules and regulations;
- (d)

The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e)

Accountability for adherence to the code.
- 14.11

If the response to 14.1 is No, please explain:
- 14.2

Has the code of ethics for senior managers been amended?

Yes [] No [X]
- 14.21

If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [] No [X]
- 14.31

If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

- | 1
American Bankers Association (ABA) Routing Number | 2
Issuing or Confirming Bank Name | 3
Circumstances That Can Trigger the Letter of Credit | 4
Amount |
|--|--------------------------------------|--|-------------|
| | | | |
| | | | |
| | | | |

16.	Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?	Yes [X] No []
17.	Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?	Yes [X] No []
18.	Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict with the official duties of such person?	Yes [X] No []

19.	Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?		Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]
20.1	Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):	20.11 To directors or other officers.....	\$	
		20.12 To stockholders not officers.....	\$	
		20.13 Trustees, supreme or grand (Fraternal Only)	\$	
20.2	Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):	20.21 To directors or other officers.....	\$	
		20.22 To stockholders not officers.....	\$	
		20.23 Trustees, supreme or grand (Fraternal Only)	\$	
21.1	Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?		Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]
21.2	If yes, state the amount thereof at December 31 of the current year:	21.21 Rented from others.....	\$	
		21.22 Borrowed from others.....	\$	
		21.23 Leased from others	\$	
		21.24 Other	\$	
22.1	Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?		Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]
22.2	If answer is yes:	22.21 Amount paid as losses or risk adjustment \$	14,654,389	
		22.22 Amount paid as expenses	\$	12,908,650
		22.23 Other amounts paid	\$	
23.1	Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?		Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]
23.2	If yes, indicate any amounts receivable from parent included in the Page 2 amount:		\$	0

24.01	Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03).....	Yes	<input checked="" type="checkbox"/>	X		No	<input type="checkbox"/>		
24.02	If no, give full and complete information relating thereto								
24.03	For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)								
24.04	Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?	Yes	<input type="checkbox"/>			No	<input type="checkbox"/>		N/A <input checked="" type="checkbox"/>
24.05	If answer to 24.04 is yes, report amount of collateral for conforming programs.	\$						
24.06	If answer to 24.04 is no, report amount of collateral for other programs.	\$						
24.07	Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?	Yes	<input type="checkbox"/>			No	<input type="checkbox"/>		N/A <input checked="" type="checkbox"/>
24.08	Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?	Yes	<input type="checkbox"/>			No	<input type="checkbox"/>		N/A <input checked="" type="checkbox"/>
24.09	Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending?	Yes	<input type="checkbox"/>			No	<input type="checkbox"/>		N/A <input checked="" type="checkbox"/>

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Harvard Pilgrim Health Care, Inc.

GENERAL INTERROGATORIES

24.10 For the reporting entity’s security lending program state the amount of the following as December 31 of the current year:

24.101	Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.	\$	0
24.102	Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.	\$	0
24.103	Total payable for securities lending reported on the liability page.	\$	0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [X] No []

25.2	If yes, state the amount thereof at December 31 of the current year:	25.21 Subject to repurchase agreements	\$	
		25.22 Subject to reverse repurchase agreements	\$	
		25.23 Subject to dollar repurchase agreements	\$	
		25.24 Subject to reverse dollar repurchase agreements	\$	
		25.25 Placed under option agreements	\$	
		25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$	
		25.27 FHLB Capital Stock	\$	1,859,800
		25.28 On deposit with states	\$	3,699,057
		25.29 On deposit with other regulatory bodies	\$	
		25.30 Pledged as collateral - excluding collateral pledged to an FHLB	\$	
		25.31 Pledged as collateral to FHLB - including assets backing funding agreements	\$	34,940,810
		25.32 Other	\$	1,209,357

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

27.2 If yes, state the amount thereof at December 31 of the current year. \$

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
US TRUST, BANK OF AMERICA CORPORATION	225 FRANKLIN ST. BOSTON MA 02110
BANK OF AMERICA, N.A., GLOBAL CUSTODY & AGENCY SOLUTIONS	150 N. COLLEGE ST. CHARLOTTE NC 28255

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [X] No []

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
US TRUST, BANK OF AMERICA CORPORATION	BANK OF AMERICA, N.A., GLOBAL CUSTODY & AGENCY SOLUTIONS	08/27/2015	The Company was informed by US Trust that certain parts of its custody business, which included custody services provided to the Company, were being transitioned to another Bank of America, N.A. subsidiary, Global Custody and Agency Solutions.

28.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
104518	DEUTSCHE INVESTMENT MANAGEMENT AMERICAS, INC.	345 PARK AVENUE NEW YORK, NY 10154
108281	FIDELITY MANAGEMENT & RESEARCH COMPANY	82 DEVONSHIRE STREET V10G, BOSTON, MA 02109
105958	THE VANGUARD GROUP, INC	100 VANGUARD BLVD, V26, MALVERN, PA 19355
106006	BABSON CAPITAL MANAGEMENT LLC	1500 MAIN STREET, SPRINGFIELD, MA 01115
109008	PRINCIPAL REAL ESTATE INVESTORS LLC	801 GRANDE AVE, DES MOINES, IA 50392

GENERAL INTERROGATORIES

- 29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)])?
- 29.2 If yes, complete the following schedule:
- Yes [X] No []

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
921943-88-2	Vanguard Developed Markets Index Fund	47,669,349
922040-10-0	Vanguard Institutional Index Fund	71,003,276
922908-87-6	Vanguard Small-Cap Index Fund	16,759,485
29.2999 - Total		135,432,110

- 29.3 For each mutual fund listed in the table above, complete the following schedule:

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
Vanguard Developed Markets Index Fund	HSBC Holdings plc	532,568	12/31/2015
Vanguard Developed Markets Index Fund	Nestle SA	804,566	12/31/2015
Vanguard Developed Markets Index Fund	Novartis AG	639,208	12/31/2015
Vanguard Developed Markets Index Fund	Roche Holding AG	665,413	12/31/2015
Vanguard Developed Markets Index Fund	Toyota Motor Corp.	574,172	12/31/2015
Vanguard Institutional Index Fund	Apple Inc.	2,318,973	12/31/2015
Vanguard Institutional Index Fund	Exxon Mobil Corp.	1,282,261	12/31/2015
Vanguard Institutional Index Fund	General Electric Co.	1,161,697	12/31/2015
Vanguard Institutional Index Fund	Johnson & Johnson	1,123,092	12/31/2015
Vanguard Institutional Index Fund	Microsoft Corp.	1,751,181	12/31/2015
Vanguard Small-Cap Index Fund	AGL Resources Inc.	47,625	12/31/2015
Vanguard Small-Cap Index Fund	Duke Realty Corp.	45,048	12/31/2015
Vanguard Small-Cap Index Fund	Ionis Pharmaceuticals Inc.	46,175	12/31/2015
Vanguard Small-Cap Index Fund	Signature Bank/New York NY	45,506	12/31/2015
Vanguard Small-Cap Index Fund	Vanguard Market Liquidity Fund	74,335	12/31/2015

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	382,513,947	385,182,271	2,668,324
30.2 Preferred stocks	0		0
30.3 Totals	382,513,947	385,182,271	2,668,324

- 30.4 Describe the sources or methods utilized in determining the fair values:
Harvard Pilgrim Health Care, Inc. obtains fair values from the NAIC Securities Valuation Office (SVO) approved pricing agency (Standard & Poor's), and if not available, market values are obtained from independent third party pricing vendors.
- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed?
- 32.2 If no, list exceptions:
- Yes [] No [X]
- Yes [] No []
- Yes [X] No []

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Harvard Pilgrim Health Care, Inc.

GENERAL INTERROGATORIES

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?\$1,325,912

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Massachusetts Association of Health Plans .....	.769,204
America's Health Insurance Plans .....	.476,790

34.1 Amount of payments for legal expenses, if any?\$1,147,198

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Loeb & Loeb LLP .....	.398,007

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?\$631,012

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
Rasky Baerlein Strategic Communications .....	.185,400

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [☐] No [☒]

1.2

If yes, indicate premium earned on U.S. business only.

\$

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above

\$

1.5

Indicate total incurred claims on all Medicare Supplement Insurance.

\$0

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$0

1.62

Total incurred claims

\$0

1.63

Number of covered lives

.....0

All years prior to most current three years:

1.64

Total premium earned

\$0

1.65

Total incurred claims

\$0

1.66

Number of covered lives

.....0

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$0

1.72

Total incurred claims

\$0

1.73

Number of covered lives

.....0

All years prior to most current three years:

1.74

Total premium earned

\$0

1.75

Total incurred claims

\$0

1.76

Number of covered lives

.....0

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

1,685,483,394

1,652,958,433

2.2

Premium Denominator

1,685,483,394

1,652,958,433

2.3

Premium Ratio (2.1/2.2)

1.000

1.000

2.4

Reserve Numerator

163,914,627

138,186,321

2.5

Reserve Denominator

163,914,627

138,186,321

2.6

Reserve Ratio (2.4/2.5)

1.000

1.000

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [☐] No [☒]

3.2

If yes, give particulars:

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [☒] No [☐]

4.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [☐] No [☐]

5.1

Does the reporting entity have stop-loss reinsurance?

Yes [☒] No [☐]

5.2

If no, explain:

5.3

Maximum retained risk (see instructions)

5.31

Comprehensive Medical

\$1,500,000

5.32

Medical Only

\$

5.33

Medicare Supplement

\$

5.34

Dental & Vision

\$

5.35

Other Limited Benefit Plan

\$

5.36

Other

\$

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
Hold harmless wording in provider contracts.

7.1

Does the reporting entity set up its claim liability for provider services on a service date basis?.....

Yes [☒] No [☐]

7.2

If no, give details

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

63,980

8.2

Number of providers at end of reporting year

73,621

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [☐] No [☒]

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees between 15-36 months..

\$

9.22

Business with rate guarantees over 36 months

\$

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Harvard Pilgrim Health Care, Inc.

GENERAL INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [X] No []

10.2 If yes:

10.21 Maximum amount payable bonuses.....\$ 24,788,509

10.22 Amount actually paid for year bonuses.....\$ 21,966,433

10.23 Maximum amount payable withholds.....\$ 4,581,971

10.24 Amount actually paid for year withholds.....\$ 3,387,955

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model, Yes [] No [X]

11.13 An Individual Practice Association (IPA), or, . Yes [X] No []

11.14 A Mixed Model (combination of above)? Yes [] No [X]

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes [X] No []

11.3 If yes, show the name of the state requiring such minimum capital and surplus. Massachusetts

11.4 If yes, show the amount required.\$ 93,480,206

11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [X] No []

11.6 If the amount is calculated, show the calculation

Adjusted annual Health care expenditures of \$1,047,273,041 at 8% = \$83,781,843 + Adjusted hospital expenditures of \$242,459,075 at 4% = \$9,698,363 = Minimum Net Worth requirement of \$93,480,206

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Massachusetts
Maine
.....

13.1 Do you act as a custodian for health savings accounts? Yes [] No [X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$

13.3 Do you act as an administrator for health savings accounts? Yes [] No [X]

13.4 If yes, please provide the balance of funds administered as of the reporting date. \$

14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? Yes [] No [] N/A [X]

14.2 If the answer to 14.1 is yes, please provide the following:

1 Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other
.....

15. Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded):

15.1 Direct Premium Written\$

15.2 Total Incurred Claims\$

15.3 Number of Covered Lives

*Ordinary Life Insurance Includes
Term(whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without secondary gurantee)
Universal Life (with or without secondary gurantee)
Variable Universal Life (with or without secondary gurantee)

FIVE-YEAR HISTORICAL DATA

	1 2015	2 2014	3 2013	4 2012	5 2011
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	930,556,459	921,573,766	853,527,956	882,592,488	826,271,952
2. Total liabilities (Page 3, Line 24)	472,438,350	372,920,733	356,916,405	401,455,601	346,791,968
3. Statutory minimum capital and surplus requirement	93,480,206	86,510,484	93,915,106	101,442,854	103,550,071
4. Total capital and surplus (Page 3, Line 33)	458,118,109	548,653,033	496,611,551	481,136,887	479,479,984
Income Statement (Page 4)					
5. Total revenues (Line 8)	1,684,069,694	1,645,146,781	1,785,956,697	1,923,017,134	2,046,429,485
6. Total medical and hospital expenses (Line 18)	1,507,557,123	1,414,770,344	1,562,224,566	1,680,999,892	1,756,615,804
7. Claims adjustment expenses (Line 20)	40,534,682	45,986,156	49,243,498	51,917,266	36,284,756
8. Total administrative expenses (Line 21)	188,106,887	190,481,193	175,092,431	185,851,208	182,652,293
9. Net underwriting gain (loss) (Line 24)	(53,253,203)	(7,318,969)	(603,798)	4,248,768	70,876,632
10. Net investment gain (loss) (Line 27)	27,435,499	28,147,360	14,623,386	15,547,633	20,136,258
11. Total other income (Lines 28 plus 29)	(9,391,870)	(6,545,411)	(2,515,395)	(3,432,432)	(16,791,395)
12. Net income or (loss) (Line 32)	(35,209,573)	14,282,980	11,504,193	16,363,969	74,221,495
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	(14,890,465)	68,131,830	(2,031,248)	103,430,151	71,840,248
Risk-Based Capital Analysis					
14. Total adjusted capital	458,118,109	548,653,033	496,611,551	481,136,887	479,479,984
15. Authorized control level risk-based capital	93,571,740	83,247,922	79,992,239	78,498,377	78,380,946
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	304,395	298,029	328,793	344,756	387,927
17. Total members months (Column 6, Line 7)	3,637,679	3,599,641	4,020,702	4,340,007	4,660,701
Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	89.5	86.0	87.5	87.4	85.8
20. Cost containment expenses	1.2	1.2	0.6	0.8	0.8
21. Other claims adjustment expenses	1.3	1.6	2.1	1.9	1.0
22. Total underwriting deductions (Line 23)	103.2	100.4	100.0	99.8	96.5
23. Total underwriting gain (loss) (Line 24)	(3.2)	(0.4)	0.0	0.2	3.5
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	114,554,368	105,298,364	146,852,297	121,967,017	156,091,184
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	121,616,477	136,718,040	168,466,441	137,305,019	194,951,740
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)			0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)		0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	81,351,707	78,082,207	59,762,842	59,450,665	61,620,642
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate					
31. All other affiliated	83,383,638	73,122,132			
32. Total of above Lines 26 to 31	164,735,345	151,204,339	59,762,842	59,450,665	61,620,642
33. Total investment in parent included in Lines 26 to 31 above.					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [] No []

If no, please explain:

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories										
States, etc.	1	Direct Business Only								
		2	3	4	5	6	7	8	9	
	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts	
1. Alabama	AL	N						0		
2. Alaska	AK	N						0		
3. Arizona	AZ	N						0		
4. Arkansas	AR	N						0		
5. California	CA	N						0		
6. Colorado	CO	N						0		
7. Connecticut	CT	N						0		
8. Delaware	DE	N						0		
9. District of Columbia	DC	N						0		
10. Florida	FL	N						0		
11. Georgia	GA	N						0		
12. Hawaii	HI	N						0		
13. Idaho	ID	N						0		
14. Illinois	IL	N						0		
15. Indiana	IN	N						0		
16. Iowa	IA	N						0		
17. Kansas	KS	N						0		
18. Kentucky	KY	N						0		
19. Louisiana	LA	N						0		
20. Maine	ME	L	158,778,538	1,531,959				160,310,497		
21. Maryland	MD	N						0		
22. Massachusetts	MA	L	1,522,444,979	3,949,155				1,526,394,134		
23. Michigan	MI	N						0		
24. Minnesota	MN	N						0		
25. Mississippi	MS	N						0		
26. Missouri	MO	N						0		
27. Montana	MT	N						0		
28. Nebraska	NE	N						0		
29. Nevada	NV	N						0		
30. New Hampshire	NH	N						0		
31. New Jersey	NJ	N						0		
32. New Mexico	NM	N						0		
33. New York	NY	N						0		
34. North Carolina	NC	N						0		
35. North Dakota	ND	N						0		
36. Ohio	OH	N						0		
37. Oklahoma	OK	N						0		
38. Oregon	OR	N						0		
39. Pennsylvania	PA	N						0		
40. Rhode Island	RI	N						0		
41. South Carolina	SC	N						0		
42. South Dakota	SD	N						0		
43. Tennessee	TN	N						0		
44. Texas	TX	N						0		
45. Utah	UT	N						0		
46. Vermont	VT	N						0		
47. Virginia	VA	N						0		
48. Washington	WA	N						0		
49. West Virginia	WV	N						0		
50. Wisconsin	WI	N						0		
51. Wyoming	WY	N						0		
52. American Samoa	AS	N						0		
53. Guam	GU	N						0		
54. Puerto Rico	PR	N						0		
55. U.S. Virgin Islands	VI	N						0		
56. Northern Mariana Islands	MP	N						0		
57. Canada	CAN	N						0		
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX		1,681,223,517	5,481,114	0	0	0	1,686,704,631	0	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0		
61. Total (Direct Business)	(a) 2		1,681,223,517	5,481,114	0	0	0	1,686,704,631	0	0
DETAILS OF WRITE-INS										
58001.	XXX									
58002.	XXX									
58003.	XXX									
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX		0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)	XXX		0	0	0	0	0	0	0	0

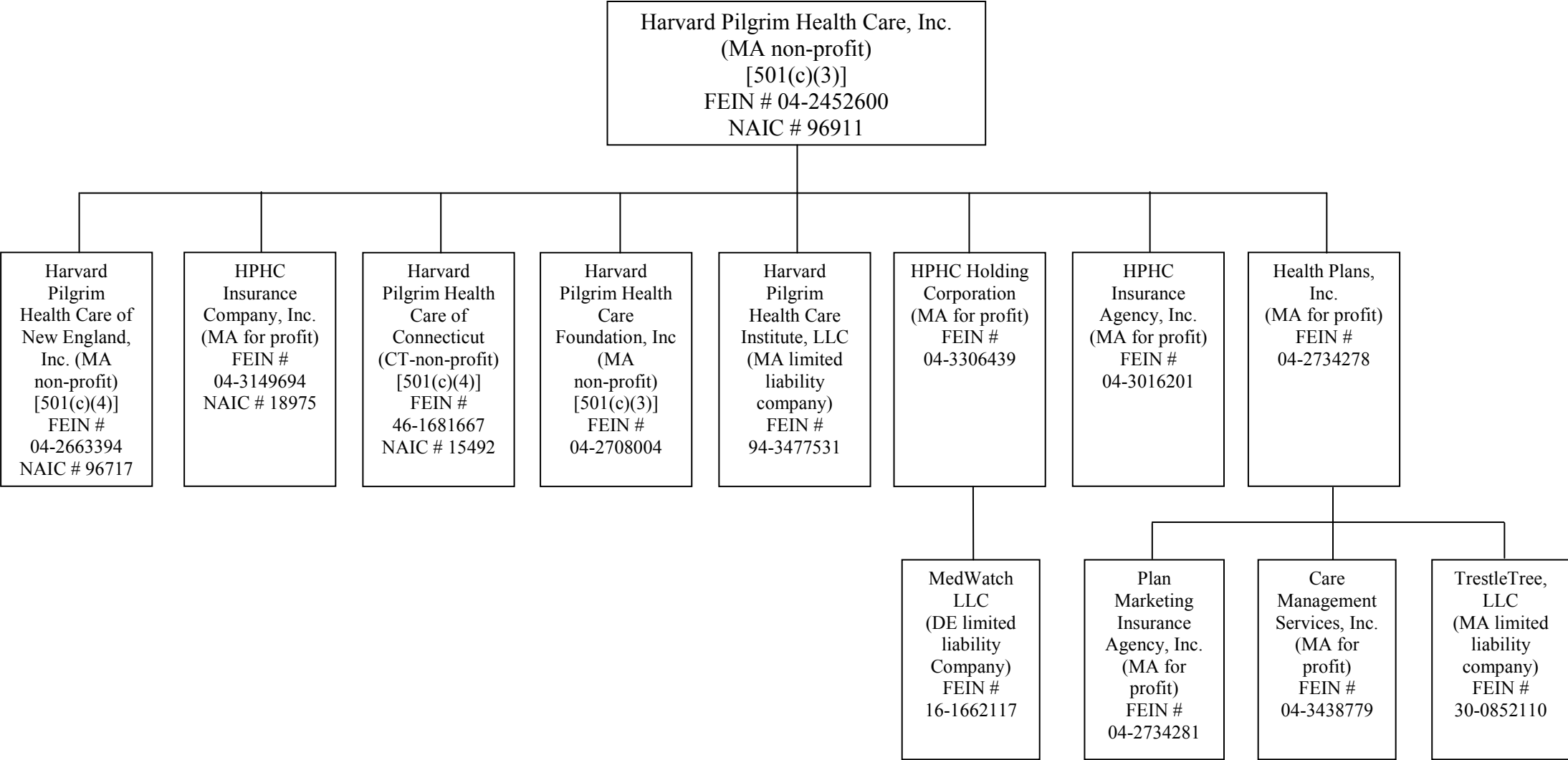
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by states, premiums by state, etc.

*For individual members Harvard Pilgrim allocates premium based on the member's residence. For group members Harvard Pilgrim allocates premium based on the group situs.

(a) Insert the number of L responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Additional Write-ins for Assets Line 11

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1104. Deposits	1,643,564		1,643,564	1,670,707
1197. Summary of remaining write-ins for Line 11 from overflow page	1,643,564	0	1,643,564	1,670,707

Additional Write-ins for Assets Line 25

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504.			0	
2597. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0

Additional Write-ins for Liabilities Line 23

	Current Year			Prior Year
	1	2	3	4
	Covered	Uncovered	Total	Total
2304. Accrued Long Term Expenses	3,364,254		3,364,254	4,318,291
2305. Quincy Mortgage	29,000,000		29,000,000	29,000,000
2397. Summary of remaining write-ins for Line 23 from overflow page	32,364,254	0	32,364,254	33,318,291

Additional Write-ins for Exhibit of Capital Gains and Losses Line 9

	1	2	3	4	5
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
0904. Other realized gain		7,933	7,933		
0997. Summary of remaining write-ins for Line 9 from overflow page	0	7,933	7,933	0	0

Additional Write-ins for Exhibit of Nonadmitted Assets Line 25

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
2504.		0	0
2597. Summary of remaining write-ins for Line 25 from overflow page	0	0	0

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